Austria	Sch. 18	Indonesia	Rp 2600	Portugal	Esc 80
Bahrain	Din 0.650	Italy	L 1300	S. Arabia	Rls 6.00
Belgium	BFr 38	Japan	Y550	Singapore	S$ 4.10
Canada	C$2.00	Jordan	Fils 500	Spain	Pta 110
Cyprus	C£0.60	Kuwait	Fils 500	Sri Lanka	Rup 30
Denmark	Dkr 7.25	Lebanon	£L 6.00	Sweden	Skr 6.50
Egypt	E£1.00	Luxembourg	LFr 38	Switzerland	SFr 2.20
Finland	Fmk 6.00	Malaysia	Rm 4.25	Taiwan	NT $85
France	FFr 6.00	Mexico	Pes 300	Tunisia	Din 0.600
Germany	DM 2.20	Morocco	Dh 6.00	Turkey	L 210
Greece	Dr 70	Netherlands	Fl 2.50	U.A.E.	Dh 6.50
Hong Kong	HK$ 12	Norway	Nkr 6.00	U.S.A.	$1.50
India	Rup 15	Philippines	Pes 20		

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Phillips battle is a test case for the raiders, Page 16

World news

Sprinkel to chair economic council

Beryl Sprinkel, the U.S. Treasury Undersecretary for Monetary Affairs, was named as chairman of President Ronald Reagan's Council of Economic Advisers.

The appointment removed uncertainty which has hung over the council since last July when Martin Feldstein left the post after stirring political unrest by strongly advocating a cut in the federal budget deficit.

Dr Sprinkel has recently become a less vocal advocate of his personal economic views and is seen as a loyal Reagan team player. **Page 18**

Union loses allies

Britain's National Union of Mineworkers will fight on in the 50th week of its strike, but it has lost allies in the Trades Union Congress. **Page 18; Background, Page 6**

Vatican strike

The union representing lay Vatican employees has called the first official strike in the history of the Vatican for next Tuesday unless demands over pay and other issues are met.

Indian gun battle

Police in the western Indian state of Rajasthan shot dead a former maharaja, Man Singh, when he opened fire to avoid arrest on a charge of attempted murder.

Dock strikes

France's biggest dockers' union called a strike, blocking more than 40 ships at ports around the country; while in Spain the port of El Ferrol was paralysed by a national strike supported by an estimated 600,000 workers.

Pakistan arrests

Pakistan's police detained more than 800 people to stop disruption during Monday's general elections and provincial polls three days later.

Nigerian jailed

Olawale Idris, a former Nigerian state Commissioner of Education, was sentenced to life in prison for corruption involving over 13m Naira ($11m).

Death toll rises

Eighteen people were said to have been killed in fighting at the Crossroads squatters' township outside Cape Town, after renewed violence in black townships across South Africa. **Page 3**

Whites expelled

France decided to expel five white residents of New Caledonia who are accused of fermenting disorder on the politically troubled Pacific territory. **Page 2**

UN aid appeal

The United Nations appealed for $1.5bn of immediate additional funds to help relief operations in 20 drought-stricken African countries.

Lebanese killed

Three suspected Shia Moslem guerrillas were killed and houses destroyed in Southern Lebanon as Israeli troops continued punitive raids on Moslem villages. **Page 3**

Briefly . . .

Clarence Nash, who provided the voice for cartoon character Donald Duck, died of leukemia in Los Angeles, aged 80.

President Miguel de la Madrid of Mexico is to pay a state visit to Britain from June 11 to 14.

Cardinal Josef Glemp Polish primate, started a 10-day pastoral tour of Britain.

Business summary

Plessey suffers drop in quarter

PLESSEY, British telecommunications and electronics group, suffered a drop in third-quarter earnings to £40.57m ($43.8m) against £43.67m in the 1983 quarter. The company blamed the result on a setback in its telecommunications business. **Page 28; Lex, Page 18**

WALL STREET: The Dow Jones industrial average closed down 4.09 at 1,279.04. **Section III**

DOLLAR rose to record levels in London, closing at DM 3.356 (DM 3.336), SwFr 2.827 (SwFr 2.8215), FFr 10.2625 (FFr 10.1925) and Y261.8 (Y261.3). On Bank of England figures the dollar's exchange index was at an all-time high of 153.3 from 152.7. In New York it was DM 3.3565, FFr 10.2625, SwFr 2.8280 and Y261.45. **Page 41**

STERLING fell 40 points in London to a record closing low against the dollar of $1.012. The pound also fell to SwFr 3.0625 (SwFr 3.065) and Y283.25 (Y283.75), but improved to DM 3.6325 (DM 3.62) and FFr 11.11 (FFr 11.07). Exchange rate index closed at 71.7 up from 71.5 previously. In New York it was $1.0850. **Page 41**

GOLD lost $3.50 on the London bullion market to close at $299.75. It was also lower in Zurich at $300.35. In New York the Comex April settlement was $301.10. **Page 40**

TOKYO stocks fell back after a strong early advance and the Nikkei Dow market average closed 23.91 lower at 12,128.46. **Section III**

LONDON shares edged ahead with the FT Ordinary index up 3.6 at 984.9. Government stocks were little changed. **Section III**

EUROPEAN bourses continued their record-breaking run with further peaks in Amsterdam, Paris, Zurich and Vienna. **Section III**

TURKEY completed the assembly of a lead management group to arrange syndication of its controversial $500m loan in the Euromarkets. **Page 42**

U.S. MONEY SUPPLY: M1 rose $2.2bn to a seasonally adjusted $567.4bn in the week ended February 11.

EURODOLLAR bond market was even gloomier as prices fell of both fixed-rate and floating issues. **Page 46**

DANSKE BANK lifted full-year net earnings to DKr 467m ($39.3m) from DKr 153m a year earlier. The bank proposed an unchanged 15 per cent dividend. **Page 19**

CREDIT SUISSE, the Swiss bank, is to propose a dividend increase after a 19 per cent improvement in net profits for last year to a record SwFr 417m ($148m). **Page 20**

LO VAN WACHEM was appointed chairman of the joint committee of Royal Dutch/Shell Group after the retirement of Sir Peter Baxendell. **Page 6**

TIME, the leading U.S. magazine publisher, is to buy privately held Southern Progress for $480m, comprising $385m cash and the balance in cash, cash equivalents and certain current assets.

GREYHOUND, which operates the leading U.S. bus system, has contracted to buy the consumer products of Purex Industries for $264m, subject to anti-trust procedures.

CANADA'S Bank of Montreal, Bank of Nova Scotia and Toronto Dominion Bank, have raised their prime lending rates to 11.5 per cent.

SHIPS under construction and on order in world shipyards fell to 30.7m tons in the fourth-quarter of 1984, down from 31.4m the previous quarter, Lloyd's Register of Shipping reported.

PKBANKEN, the state-owned Swedish commercial bank, announced a 14 per cent decline in operating results to SKr 1.09bn ($118m) for last year. It expects improved results this year. **Page 20**

Japan's ailing pacesetter Sord Computer seeks a partner

BY JUREK MARTIN, FAR EAST EDITOR, IN TOKYO

SORD COMPUTER, a pioneering Japanese model of the new breed of small companies exploring the frontiers of high technology, is engaged in talks with Toshiba, the major electronics group, over what was described in Tokyo yesterday as a technical and business tie-up.

Neither company would give details of the proposed collaboration, but sources said that it could entail investment by Toshiba equivalent to more than a third of Sord's existing capital of Y2.6bn ($10.5m), as well as joint technological and marketing operations.

The talks appear to indicate that the troubles afflicting the personal computer market in the West, most recently illustrated by the plight of Acorn and Sinclair in Britain, have come to roost in Japan.

Olivetti, the Italian electronics and office products group, announced on Wednesday that it was paying £10.4m ($11.3m) for a 49.3 per cent stake in Acorn, which had been hit by a cash-flow crisis and a sharp fall in confidence. Sinclair, meanwhile, announced a temporary halt of deliveries of its Spectrum and QL models from some suppliers while it rescheduled and reduced production.

Sord, which is privately owned, was known until recently as the "Japanese Apple." It enjoyed spectacular growth for more than a decade after its founding in 1970.

The future of Sord's distinctive management, under its founder and president, Mr Takayoshi Shiina, was unclear yesterday. Another Sord official said that Mr Shiina was conducting negotiations "personally" and had not divulged his moves even to his senior staff.

About a month ago, there had been market rumours of talks between Sord and another electronics giant, Sanyo. Some industry analysts yesterday did not rule Sanyo, or possibly another prominent company, out of the running. Nomura Securities, Sord's underwriter, declined all comment on this and any other aspect of the company's future.

It was widely emphasised that Sord had not yet encountered problems paying its bills and had not laid off any of its 750 employees.

But its prospects in the personal computer market in Japan and overseas – from which it has derived 85 per cent of its revenues and in which it once held nearly a 20 per cent share of domestic sales – have become increasingly bleak in the face of intense competition and price-cutting from much larger companies, such as IBM, NEC, Fujitsu, Ricoh, Casio and Apple, which is using Canon Camera as its Japanese sales agent and which yesterday signed up two more distributors.

The first signs of Sord's difficulties surfaced last year when it was twice obliged to drop plans to go public with a Y15bn offering. In 1983, two private placements had increased Sord's capital from Y130m to Y2.6bn as it geared up to meet what it felt was an impending further explosion in demand for its products.

These private issues had attracted a good deal of foreign venture capital interest and at one stage a share was estimated to be worth Y70,000. One broker said yesterday he knew of a recent case when the same share had been valued at Y5,000 but that the owner had found no buyers even at that price.

Sord's problems today are a far cry from the heady, expansionary days when it consciously portrayed itself as a Japanese Apple. It even called its new computer language Pips, while its manufacturing subsidiary in Ireland, set up in December 1980, was initially called Orange Computer (the infelicity, given the location, caused a rechristening).

Mr Shiina himself was widely seen as a breath of fresh air in Japan's generally staid corporate ethos. He was only 28 when he founded Sord and he ran an infor-

Continued on Page 18

$ hits new peaks as U.S. lifts estimate of fourth-quarter growth

BY STEWART FLEMING IN WASHINGTON AND PHILIP STEPHENS IN LONDON

THE U.S. Government yesterday sharply revised upwards its estimate of economic growth in the fourth quarter of 1984, sending another tremor through Wall Street and helping to lift the dollar to new peaks.

The Commerce Department said that gross national product (GNP) increased at a real annual rate of 4.9 per cent in the final three months of last year, well up from the 1.6 per cent rise recorded in the third quarter and the 3.9 per cent increase which it estimated in the preliminary GNP announcement on January 22.

A wave of speculative and commercial buying took the dollar to new heights on the further evidence of the strength of the U.S. economy and expectations of higher dollar interest rates.

The dollar closed in London at a 13-year high of DM 3.356; up 2 pfennigs from Wednesday. It later hit DM 3.36 in New York. The pound fell 0.4 cents to a record low of $1.0820.

In New York it closed at DM 3.3565 (DM 3.3310), FFr 10.2625 (FFr 10.80), SwFr 2.8280 (SwFr 2.817) and Y261.45 (Y261.25). The news also hit a Wall Street stock market already floundering under the impact of congressional testimony on Wednesday from Mr Paul Volcker, Federal Reserve Board chairman.

In early afternoon trading the Dow Jones industrial average was off 3.21 points at 1279.92. It later sunk further to close 4.09 down at 1,279.04.

Mr Volcker had disclosed that the Fed had abandoned its policy of trying to encourage U.S. interest rates to fall. Although Mr Volcker denied that this implied that the central bank was tightening the monetary screws in the face of recent rapid growth in the money supply, Wall Street quickly concluded that his testimony made Fed action to put upward pressure on interest rates more likely if the economy grew strongly.

Dealers quickly interpreted yesterday's upward revision of the GNP growth as evidence that their fears may be more quickly realised than they expected. Yields on the Treasury 30-year, 11½ per cent bond, up from around 11.36 per cent to 11.54 per cent on Mr Volcker's testimony, had risen nearer 11.60 per cent by mid-morning yesterday. Three-month Treasury bill yields also went higher.

Some economists, however, questioned these reactions to the extent that they were a response to the new GNP estimate. The upward revision arises not from any basic shift in the Commerce Department's assessment of the underlying strength of final demand in the economy, but rather from a revision of its judgment on how that demand is being satisfied.

In January, the department said that real final sales in the fourth quarter rose by 8.3 per cent. Now it has modestly increased that estimate to 8.5 per cent. What has changed, however, is its assessment of the role of imports in meeting domestic demand.

Yesterday's 4.9 per cent growth figure reflects the fact that the U.S. imported less in the fourth quarter than was initially assumed. This means that more demand was met from domestic production, which in turn has led to the bulk of the upward revision of the GNP estimate.

The upward revision will tend, however, to underpin economists' forecasts that growth in the first quarter is proceeding at a moderate pace. Mr David Jones, economist with Aubrey Lanston and Co in New York, said yesterday that he was expecting real growth in the first quarter to be around the 3½ to 4½ per cent level. Other economists are aiming slightly higher.

Considerable uncertainty still surrounds such predictions, however. The dollar has risen strongly recently, leading to expectations that U.S. demand for imports will surge again in coming months.

The Commerce Department's modest upward revision from 2.4 per cent to 2.8 per cent in the rate of fourth-quarter inflation as measured by the GNP price deflator also contributed to Wall Street's pessimistic interpretation of the revised GNP data.

Confidence in the dollar was further underpinned yesterday by the lack of any large dollar sales by central banks.

The dollar has risen over 2 per cent in value this week alone, but there has been no significant central bank intervention.

Dealers believe that at present highs the U.S. currency may be vulnerable to heavy intervention, particularly by the West German Bundesbank, but the general perception is that the impact of such a move would be short-lived.

Money markets, Page 41
Wall Street report, Page 31

Thatcher sees no easy cure for dollar

By Peter Riddell in Washington

MRS MARGARET Thatcher, the British Prime Minister, conceded yesterday that there was only a limited amount that could be done in the short term by any government to deal with the problems caused by the strong dollar.

She was speaking at a press conference at the end of her two-day visit to Washington after a breakfast meeting with the U.S. cabinet officers concerned with the economy, including Mr James Baker, Treasury Secretary, and Mr Malcolm Baldrige, Commerce Secretary.

The visit is regarded as highly successful, not only because of Mrs Thatcher's well-received address to Congress, but also because of the confirmation of the warm personal relationship with President Ronald Reagan. This was publicly affirmed in an exchange of lavish compliments at a banquet on Wednesday.

U.S. officials are pleased by Mrs Thatcher's public support for the Reagan Administration's foreign policy. The British side welcomes, in particular, the U.S. commitment to allow overseas companies to compete for research contracts in the 'star wars' space weapons programme, and is pleased with the support given to the Anglo-Irish approach to Northern Ireland and the condemnation of terrorism.

At her press conference, the Prime Minister said she found an awareness both in the Administration and in Congress of the problems caused by the mounting strength of the dollar. She pointed to the difficulties in the U.S. for industries based on exports.

No one, she said, knew how long the resurgence of the dollar would

Continued on Page 18

New Brussels bid to avert Greek veto

By Quentin Peel in Brussels

THE EUROPEAN Commission yesterday unveiled a plan to spend more than Ecu 4.5bn ($3.02bn) in Mediterranean regions of the EEC in a bid to persuade Greece to lift its threatened veto of Spanish and Portuguese membership of the Community.

The seven-year package of Integrated Mediterranean Programmes (Imps) is an attempt to reconcile the demands of Greece for a better deal from the Community, with the insistence of northern member states, such as West Germany and Britain, on strict limits on EEC spending.

National officials responded pessimistically yesterday, however, doubting that the scheme would satisfy the Greeks. Little more than five weeks remain before the March summit of EEC leaders must resolve the question and Mr Andreas Papandreou, the Greek Prime Minister, has made successful negotiation of the Mediterranean programmes a precondition for Greek approval of EEC enlargement.

On paper, the new plan looks like a substantial reduction in the cost of the previous plan, which involved spending Ecu 6.6bn over six years.

The plan comprises three elements: Ecu 2bn in additional grant aid; Ecu 2.5bn in soft loans; and an unspecified amount of cash from the Community's existing structural funds. These funds are used for regional and social schemes, agricultural investment and training.

The plan does not spell out how the funds will be divided between Greece, Italy and France, allowing for the possibility that Greece may get rather more than the 38 per cent intended under the old plan.

Nevertheless, the plan still falls far short of the level sought by the Greek Government, while being well above the upper limit of funds considered realistic by other member states. This ranges from a ceiling on new money of less than Ecu 1bn to about Ecu 1.5bn.

Officials presented the plan yesterday as a means of developing the full human potential of the Mediterranean regions, with an emphasis on combating youth unemployment.

It would help those areas to adapt to the increased competition caused by Spanish and Portuguese membership, and provide direct subsidies to employment and incomes in depressed rural areas, they said.

Some member states immediately objected to the planned supervision of the programmes, which would involve a senior group of Brussels officials simply submitting occasional reports.

The programmes are almost openly admitted to be an attempt to buy off the Greek Government's power of veto over enlargement, but there was little hope in Brussels last night that the member states would be able to negotiate an acceptable compromise before the March summit.

Negotiations will have to take place at next week's extraordinary meeting of foreign ministers, and the four-day session planned for March 17-20 at which the final terms for Spanish and Portuguese membership, and a solution to the EEC's continuing budget problems, have to be agreed.

EEC cuts steel quotas, Page 2

U.S. sets conditions for new Israeli aid

BY DAVID LENNON IN TEL AVIV

The U.S. is stepping up pressure on Israel to take more severe measures to rehabilitate the economy. Mr George Shultz, U.S. Secretary of State, said in a letter last week to Mr Shimon Peres, Israel's Prime Minister, that additional economic aid was dependent on the implementation of these measures.

Israel has already received $1.2bn in economic aid this year, but now is seeking an additional $800m and a similar amount next year. Washington has already agreed to increase military aid from $1.4bn this year to $1.8bn for each of the next three years.

In his letter, Mr Shultz analysed steps taken so far, including the second deal with the unions and employers to control prices and wages. His unequivocal conclusion was that these measures were insufficient to cure Israel's stagflation.

Mr Shultz stressed that a substantial additional cut must be made in government spending, over the budget cuts of about $1.3bn already approved by the Cabinet in principle.

The four-page letter illustrates the depth of interest that the Reagan Administration is taking in the Israeli economy, and shows the degree of Israel's economic dependence on the U.S.

Mr Yitzak Modai, the Finance Minister, will visit Washington early in March to press Israel's request. The aid is needed to help the country deal with its severe economic problems, which include a current account deficit of nearly $5bn in the balance of payments; the heavy burden of servicing and repaying the foreign debt of nearly $25bn; and falling foreign currency reserves which declined at an average of $250m a month in the past eight months.

Mr Modai has said he expects inflation to stabilize at about 6 per cent per month by April. Inflation for 1984 was 445 per cent.

In addition to budget cuts, Mr Shultz stressed that the Treasury's budget department must be empowered to penalise senior government officials who exceed their ministerial budget.

Three Shia killed, Page 3

Attack on Lange N-policy

By Reginald Dale in Washington and John Wyles in Wellington

MRS MARGARET Thatcher, Britain's Prime Minister, yesterday harshly attacked the anti-nuclear policies of Mr David Lange, the New Zealand premier, and insisted that she had "no intention whatsoever" of revealing whether British ships carried nuclear weapons.

"I cannot and will not answer that question," Mrs Thatcher said in a forceful statement of British policy at a Washington press conference. If that meant that British ships could no longer visit New Zealand, it would be disappointing both for the UK and the people of New Zealand, she said.

Mr Lange, however, in an interview yesterday defended his policies and rejected suggestions that Western Europe might follow New Zealand's lead in refusing to accommodate U.S. nuclear weapons.

Mrs Thatcher in her press confer-

Continued on Page 18
Details, Page 3

CONTENTS

Irish rebels over contraception face party fury

BY BRENDAN KEENAN IN DUBLIN

THE FIVE Irish MPs who defied their respective parties in Wednesday's vote on reforming the contraceptive laws face severe disciplinary action. The only opposition member to break the party line, former Industry Minister Mr Desmond O'Malley, is likely to be expelled from Fianna Fail.

Four government backbenchers voted against the measure and one abstained. The main coalition party, the Fine Gael, will try to ensure that none of its three rebels is nominated to stand again at the next election. Two of them are former ministers and one is also a member of the European Parliament. The one Labour MP who voted against will be automatically expelled for defying party policy.

Ireland's Roman Catholic bishops were yesterday assessing the damage done to their standing by the passing of a measure which they opposed. Even their supporters believe some members of the hierarchy, including the recently appointed Archbishop of Dublin, Dr Kevin McNamara, blundered by giving the impression that MPs must follow the views of the Church.

Church leaders are likely to review their tactics to try to get across the message that the bishops are merely giving their views on moral questions. Their deliberations will be all the more urgent because of the possibility that the question of divorce, which is illegal, will eventually have to be faced in the light of the increasing number of marriage breakdowns.

Mr O'Malley infuriated Fianna Fail leaders by abstaining from the vote and by making a speech in which he linked the measure with efforts to separate Church and state and bring about Irish unity. He is unlikely to be able to defeat an expulsion move, but should be assured of a seat in his Limerick constituency if he wants to carry on his fight as an independent.

The result of the vote was welcomed in Northern Ireland by Mr John Cushnahan, leader of the moderate Alliance Party and himself a Catholic, who said it showed there was a majority in the Republic who preferred to be governed by Parliament and not the confessional.

'Star Wars' offer sparks Soviet attack

By Our Foreign Staff

THE SOVIET UNION has reacted to the U.S. offer, made during the visit to Washington by Prime Minister Margaret Thatcher, of British participation in "Star Wars" missile defence research by sharply criticising the U.S.

Tass, the Soviet news agency, said "the Reagan Administration is trying to draw its western allies into the realisation of its dangerous plans" with the lure of "lucrative contracts."

Citing "informed observers," Tass said the tentative U.S.-UK agreement on Star Wars research was clearly the "result of powerful pressure on the part of the U.S."

Since the apparently successful visit by Mr Mikhail Gorbachev, the senior politburo member, to Britain last December, Moscow had pinned some hopes on Mrs Thatcher moderating President Reagan's Star Wars ambitions.

Her support for Star Wars research, as distinct from development or deployment, has dimmed these hopes. But yesterday's Tass commentary was still forcused on its criticism on the U.S

IN VIENNA yesterday Nato gave a cautious welcome to the Warsaw Pact proposal submitted a week ago on reducing conventional forces in Europe.

An alliance spokesman said the proposal would be given "careful and intensive consideration," but that ambiguities needed clarification.

The two main elements of the Warsaw Pact proposal are for an initial reduction of 20,000 troops by the Soviet Union and 13,000 by the U.S. within a year of reaching agreement. This would be followed by larger reductions in Nato and Warsaw Pact forces.

The second element envisages a commitment for no increases in the numbers of troops held by both sides in the central European theatre for a period of three years.

The proposal seems to suggest the possibility of making a partial agreement as a first step towards a more comprehensive agreement. Nato, on the other hand, has been pressing the case for a comprehensive agreement covering initial and global troop reductions as well as verification procedures.

"At first glance the Eastern proposal appears to be confined to two elements, that is U.S.-Soviet reductions and a no increase commitment," the spokesman said. "The West is seeking clarification as to the connection between these steps and follow on reductions."

Patrick Cockburn adds from Moscow: President Konstantin Chernenko is not likely to make his traditional speech today as a candidate in the local elections according to a Foreign Ministry official.

Almost all senior party and politburo officials have made speeches in ascending order of rank as they stand for the one-party elections to parliaments and local councils in individual republics. Almost all the Soviet Union's 170m electors are expected to vote next Sunday.

Mr Chernenko, who is 73, has not appeared in public because of ill health since December 27.

UK and U.S. intelligence helped in IRA funds case

BY OUR DUBLIN CORRESPONDENT

THE I£1.7m (£1.5m) in alleged IRA extortion funds seized by the Irish Government on Wednesday, was held in a branch of the Bank of Ireland in Navan, about 30 miles from Dublin, it was learnt yesterday. The money probably arrived in Ireland more than two months ago, although its exact movements are still not known, and the Irish police were probably aware of its existence from the beginning.

The British embassy in Dublin was informed of the moves just before the measure was introduced into the Dail (parliament) so Mrs Thatcher would have known about it while on her way to Washington, where she praised the seizure in her address to the U.S. Congress.

The fact that the money was traced early is thought to illustrade the closeness with which British, Irish and U.S. intelligence forces are working together against the IRA. The IRA's U.S. connections appears to have been penetrated by the authorities and the seizure follows the capture last year of seven tonnes of weapons which had been shipped across the Atlantic.

One estimate suggests that about half the $300,000 officially raised by the IRA support group, Noraid, is now being used in defence costs for people charged in the U.S. with offences connected with IRA activities.

The new Irish legal powers will make it difficult for the IRA to hold funds in the republic, or even to risk moving away funds already in the country. However, there is concern, particularly by Bank of Ireland staff, that the IRA may have to continue to resort to kidnapping and extortion to raise funds.

Some well-known Provisional supporters live in the Navan area and local interest yesterday centred on one individual with connections in New York. Security officials have indicated that the funds might be connected with a New York Irish American businessman.

FitzGerald says outlook for industry is bright

BY OUR DUBLIN CORRESPONDENT

THE PROSPECTS for Irish industry this year are good, with both new foreign companies and traditional sectors showing growth, Dr Garret FitzGerald, the Irish Prime Minister, said at the annual conference of the Confederation of Irish Industry last night. Investment plans which qualified for state aid totalled more than I£800m (£695m) last year—twice the level in 1983, he said.

On the economy generally, inflation this year was likely to be below 6 per cent, or one quarter of its level in mid-1982.

Tre Government accepted that taxation levels were at the limit of what is feasible and it was pledged not to allow the overall burden of taxation to rise between now and 1987.

Ireland, he said, had a great opportunity to take advantage of developments in information technology because, apart from France, it was the only country in Europe to have a digital telecommunications system widely installed. He hoped for more private investment in infrastructure, such as roads, and the Government was looking for proposals in this regard.

Spain eases lending restraints

BY DAVID WHITE IN MADRID

AN EXTRA $2bn will be made available from the Spanish banking system for lending to the private sector under government decrees easing the constraints on bank funds, according to estimates by the Bank of Spain.

The Government's decision reduces the amount banks have to place in compulsory reserves and state-directed investments. The move had been anticipated as the Government's side of the bargain in response to gradual cuts in bank lending rates, which the authorities have been seeking in order to stimulate private sector investment.

Earlier this month, all the main Spanish banks lowered the preferential rates charged to their best clients by around half a point. This leaves the standard rate for one-year loans at 15.5 per cent.

The Government has now approved a reduction in the amount banks have to devote to Treasury bonds from 12 per cent of their total deposits to 11 per cent, with a further one-point cut scheduled for next month.

It has been able to do this since, with liquidity high, there has been no difficulty in placing most of this year's Treasury bond requirements.

In addition to the $2bn released by this measure, further funds will be made available from the system by other reforms in the complex and confusing system of compulsory quotas.

Up to now Spanish commercial banks have had 51.5 per cent of their deposits tied down in one way or another by quota rules as a result of tighter monetary control since the Socialists came to power in 1982. These quotas are made up of compulsory reserve requirements of 18 per cent (of which 5 per cent bears no interest), 21.5 per cent in state-directed investments including export credits and 12 per cent in Treasury bonds.

However, different rules apply to savings banks and industrial banks. The Government is aiming to make the system more uniform at the same time as introducing a gradual liberalisation.

UN action demanded over Bulgaria's ethnic Turks

BY DAVID BARCHARD IN ANKARA

TURKS OF Bulgarian origin now living in Turkey are pressing for United Nations action following claims that their fellows still in Bulgaria are being persecuted by the Government there.

A telegram to the UN by a committee of a hundred women of Bulgarian Turkish origin who lobbied the Turkish Parliament, which debated the issue in secret on Wednesday, accuses the Bulgarian authorities of ignoring their own constitution and flouting the UN declaration of human rights and the Final Act of the Helsinki Agreement.

Members of another emigre Bulgarian Turkish Association said they believed that Ankara should raise the matter with the UN. They said that they had learned of the events in Bulgaria from Turks who recently visited there. They claimed that in Shumnu, Bulgarian tanks had surrounded Turkish houses and that up to 200 people had been killed in an armed clash.

Close relatives in Bulgaria had confirmed over the telephone that they were being forced to change their names and that some had written to their families in Turkey, using their new Bulgarian names.

Exports power West German car production

BY JOHN DAVIES IN FRANKFURT

EXPORTS ARE giving a powerful thrust to West German car production, but the domestic car market is still causing concern. New car registrations inside the country fell following the confusion over exhaust emission rules.

More than 404,000 cars rolled off the assembly lines in West Germany last month, 11 per cent more than a year ago. The strong impetus, however, came from abroad, with car exports as much as 24 per cent up on a year ago, at 227,000 units.

But the domestic market recorded a sharp setback, new car registrations dropped 12.4 per cent below compared with the same month a year ago.

The West German car market has been in turmoil for months because of the Government's proposals for tightening exhaust emission controls and the arguments over the plan in Brussels. Many motorists have simply put off buying new cars until the row is settled. Motor industry executives claimed recently that as many as 400,000 buyers have been holding back.

Latest indications are that local demand, seasonally-adjusted, improved slightly last month, but this is thought to be due to special factors rather than a break in the logjam.

Some car companies have launched big promotional efforts to lift orders so as to maintain the level of production, but Daimler-Benz is known to be less affected than other large-scale manufacturers, particularly in view of the recent launch of its new models.

The Automobile Industry Association is so concerned about the situation that it has placed full-page advertisements in West German newspapers exhorting motorists to buy a new car and pointing out that all new cars, with or without catalytic converters, cause less pollution than older models.

Confidence is growing within the car industry that the Government will have to reach a compromise with its European Community partners soon to clarify the car pollution controversy.

Moscow to open up N-plants

By Patrick Blum in Vienna

THE SOVIET UNION yesterday signed an agreement here with the International Atomic Energy Agency (IAEA) which will allow international inspection of some of its nuclear power utilities for the first time.

The IAEA accord seeks to prevent the use of nuclear power installations for military purposes.

Mr Andrei Petrosyants, chairman of the Soviet committee on nuclear energy, said yesterday that the Soviet decision would help the agency broaden its work by giving its inspectors access to the type of reactor built and exported by the Soviet Union.

The agreement will come into force as soon as it has been ratified by the Soviet authorities. Under its terms the Soviet Union will provide a list of nuclear plants available for inspection. This is not expected to include nuclear fuel factories.

Mr Petrosyants' reference to exported reactors was taken by some yesterday as indicating that Moscow may only allow inspection of some of its older pressurised water reactors. These have been exported to Eastern Europe for some years and have been inspected by the IAEA there.

Moscow's decision voluntarily to allow inspection of some of its reactors follows similar moves by the U.S., Britain and France.

Countries which have a military nuclear capability are not bound to allow IAEA inspection. Britain has listed all its nuclear utilities for inspection, while the U.S. and France permit some to be visited.

Mr Petrosyants argued strongly yesterday that the Soviet Union was against nuclear proliferation in any form. "The (IAEA) safeguards are the most important part of the non-proliferation regime."

The nuclear Non-Proliferation Treaty, which Moscow has already signed, comes up for review in September and this may have motivated the Soviet move. Mr Petrosyants said he hoped that the results of the first inspection of Soviet reactors would be available by the time of the review.

According to the IAEA, the Soviet Union had 46 nuclear reactors in operation with a capacity of 23,000 MW and providing 8.8 per cent of Soviet electricity. It also has another 39 reactors under construction.

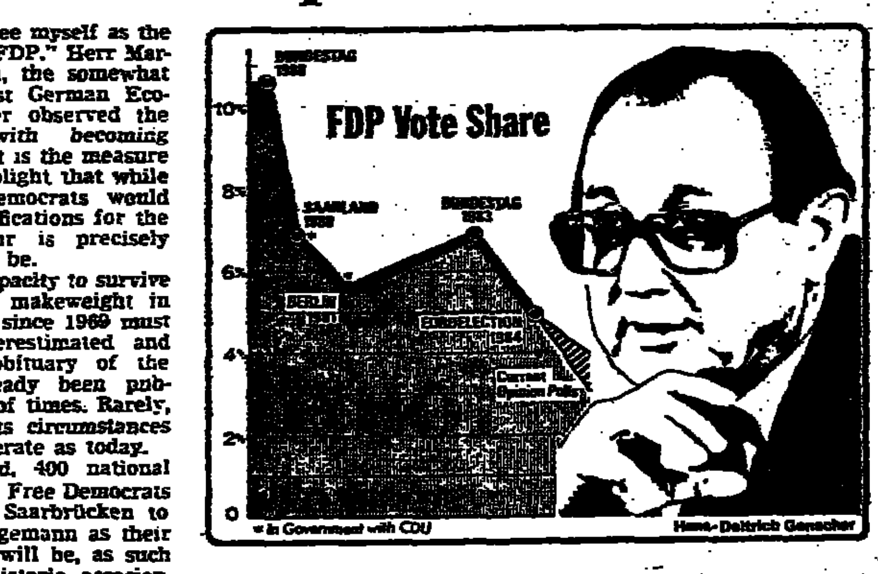
Rupert Cornwell reports on the Free Democrats' desperate plight

FDP turns to a new leader for rescue from political oblivion

"I DO NOT see myself as the saviour of the FDP." Herr Martin Bangemann, the somewhat Falstaffian West German Economics Minister observed the other day with becoming modesty. But it is the measure of his party's plight that while many Free Democrats would doubt his qualifications for the task, a saviour is precisely what he has to be.

The FDP's capacity to survive as the centrist makeweight in every coalition since 1969 must never be underestimated and the political obituary of the party has already been published a score of times. Rarely, though, have its circumstances looked as desperate as today.

This weekend, 400 national delegates of the Free Democrats will gather in Saarbrücken to elect Herr Bangemann as their new leader. It will be, as such things go, a historic occasion, as Herr Hans Dietrich Genscher, Foreign Minister, deft tactician and symbol of the slippery soul of the FDP, gives way after 11 years at the helm to his successor.



There will undoubtedly be much talk of a new beginning, and much whistling to keep spirits up. But bold words will not conceal the unpleasant truth: that the party is financially broke, smeared more than any other by the lingering scandal of the "Flick Affair," and —most serious of all—presently well below the 5 per cent minimum vote it requires to keep a toehold in state and national parliaments.

Partly because of Flick, partly because of a belief that money thus spent looks a risky investment, industrial and other contributions to the FDP's coffers have all but dried up. Paid-up membership has slipped to only 70,000, and many supporters are still unhappy at the decision to switch horses from Social Democrats (SDP) to Christian Democrats (CDU) in 1982, thus precipitating the replacement of Helmut Schmidt by Helmut Kohl as Chancellor.

In this wretched state, the FDP must fight three important regional elections in the next three months. In the biggest of them, in North Rhine-Westphalia, it failed to win seats in 1980, and barring a miracle will not do so this time. Few would gamble much on success in Berlin or the Saarland next month either.

Herr Bangemann's most realistic goal is to use the time available — and the still perceptible preference of the national electorate for moderation rather than extremism — to scrape over the 5 per cent mark with the help of the "second vote" proportional system in the Bundestag poll two years hence. If he fails, oblivion beckons.

Herr Bangemann, a 50-year-old lawyer, for all his ample ebullience is hardly a proven quality. That he has staged a breathtaking comeback, from membership of a tiny, defeated, FDP rump at the European elections last June to the heights of Federal Economics Minister and now leader of his party is less the belated discovery of his unsuspected virtues than plain recognition that no alternative existed once Herr Genscher had decided to go.

Until 18 months ago, of course, there had been one — Count Otto Lambsdorff, his predecessor at the Economics Ministry. But Count Lambsdorff's prospects disappeared with charges of taking bribes from Flick. At that point, Herr Bangemann became not so much the best as the only choice.

On top of that, there is policy confusion. The traumas of 1982 have left the FDP with two wings, a split between Left and Right which is hardly a luxury that a party with 3 to 4 per cent of the vote can afford. Standing unopposed last year as party leader, Herr Genscher could manage only an inglorious 62 per cent of the vote as a result.

So what should a liberal party stand for in modern, changing Germany? The young have flocked to the Greens and the FDP's traditional managerial and professional supporters are drifting to the CDU, with whom the Free Democrats, for their own credibility if nothing else, are condemned to remain in alliance.

The Bangemann answer to the problem is a mixture of economic conservatism, and social liberalism, pitched to correct the excesses of the Right, particularly of the CSU of Herr Franz Josef Strauss. But this strategy thus far has been noticeably translated only into a series of policy squabbles between the FDP and the CDU/CSU. Some it wins, others it loses: few of the wins produce new friends.

Perhaps the party's best chance lies with the economy. The new Minister is the first to admit he is no trained economist: but he has taken office when recovery is gathering pace. If it lasts until 1987, some of the credit could rub off onto the FDP and its ever optimistic Minister.

That certainly will be the hope that the party will use in Saarbrucken tomorrow to banish its fears, however briefly. It is also the prayer of Chancellor Helmut Kohl, whose own grasp on power after 1987 depends on Herr Bangemann succeeding as the Free Democrats' reluctant saviour.

Sands shift under Genscher

IS A KEYSTONE being removed which one day will bring an impeding edifice crashing down? It is tempting to see the surrender by Herr Hans-Dietrich Genscher of the leadership of the Free Democrats (FDP) in precisely these terms.

For how long will he be able to hold sway as Foreign Minister and Deputy Chancellor now that he has fallen from the pinnacle of his party? He is determined to remain as Foreign Minister until the federal election of February 1987 or beyond; but might not his real power be heavily undermined? Some detect that such a process is already under way.

At 57, an age when some political careers are barely beginning, Herr Genscher with his habitual blazer, raspy yet reassuring voice and lawyer's instinct for the course of least resistance, has been around for an eternity.

He has been a cabinet minister without interruption since 1969 and Foreign Minister since 1974, far longer than any of his Western colleagues. Even the immovable Soviet Foreign Minister, Mr Andrei Gromyko, has a rare respect for the feel and experience of East-West issues which Herr Genscher has acquired.

Lately though, he has taken some embarrassing knocks. One was the failure to prevent Bonn refusing to sign the Law of the Sea convention in late 1984; another was his inability to staunch the crass debate over whether the wartime loss of territory in Silesia was permanent.

Nor have his tireless travelling, seeming capacity to be in half a dozen places at once, and endless speechmaking dispelled the impression that what counts in foreign policy-making here has moved from the Genscher Ministry to the Christian Democrat - held Chancellery.

In part, this is simply because the mediator's role between Washington and Moscow hardly exists any longer, But, more deeply, it is the expression of the decline of the FDP itself, of whose remarkable ability to parlay few votes into quite disproportionate influence he has been the most enduring symbol.

Glemp to lobby for church farming scheme

By David Buchan in London and Christopher Bobinski in Warsaw

CARDINAL Jozef Glemp, Primate of Poland, arrived yesterday in the UK for an 11-day visit during which he will preach before many of Britain's ethnic Polish community of more than 100,000, attend a pan-European Catholic bishops gatherings, and try to drum up money for the Polish church's planned agricultural fund.

The UK Government, representatives of which the Cardinal is expected to meet informally, is opposed to giving money, nationally or through the EEC, to this scheme whereby the church hopes to funnel nearly $2bn (£1.8bn) worth of scarce Western farm equipment and materials to Poland's numerous pro-Catholic private farmers.

UK officials say, and Cardinal Glemp will find this argument echoed by British Catholics, that money can only be found for Poland by diverting it from elsewhere and that the current needs of starving Africans come before those of Polish farmers.

A further British official concern is that, even if the agricultural fund is not subverted by the Polish state, the church may not have the managerial skills to run so large a scheme.

The agricultural fund would sell Western equipment to Polish farmers for zlotys, which in turn would be used to finance rural infrastructure projects like machinery repair services and craft shops, and to boost indigenous production of tractors and fertiliser. But the fund, which was conceived after the Pope's 1983 visit to Poland, still lacks final legal approval from the Jaruzelski Government, which is quibbling over the customs duties and taxes

The Polish church needs at least $8m from the EEC to get even a $28m pilot project off the ground, and so far has firm pledges of $10m from the U.S. Government, $3m from U.S. bishops and $1m from Canadian bishops.

EEC cuts some steel quotas

BY PAUL CHEESERIGHT IN BRUSSELS

UNCERTAINTY ABOUT the future pattern of demand and concern about price discounting have led the European Commission to reduce the second quarter production quotas for two of the most widely used categories of steel.

The Commission announced yesterday that steelmakers should produce less hot rolled coil and cold rolled sheet in the second quarter of this year than in the first quarter. But it announced small increases in the quota for other categories of steel. Both output and prices are controlled by the Commission as part of the EEC plan to restructure the steel industry.

EEC PRODUCTION QUOTAS

('000 tonnes)	3rd qtr. 1984	4th qtr. 1984	1st qtr. 1985	2nd qtr. 1985
Hot rolled coils	5,003	4,356	4,070	4,039
Cold rolled sheet	3,610	3,631	3,576	3,485
Galvanised sheet	897	958	905	936
Other coated flat products	704	806	818	829
Reversing mill plate	1,304	1,293	1,293	1,300
Wide beams, sections	1,059	1,049	1,069	1,122
Wire rods	2,680	2,563	2,484	2,570
Reinforcing bars	1,800	1,741	1,709	1,768
Merchant bars	2,202	2,265	2,192	2,199

Steel users noted that the reduction in car demand in West Germany and the hesitancy in the British motor industry had affected consumption of cold rolled sheet. Under these circumstances, a reduced quota appeared inevitable, they said.

The reduction in the quota for hot rolled coil, which has a wide variety of end-uses, reflected the general fragility of the recovery in steel demand, they added. But the Commission will also have been concerned not to see too high a level of production because of the discounting of its published minimum prices on the market. To hold the price, it was necessary to keep the production quotas tight.

The Commission is considering a further rise in minimum prices, following a demand from Eurofer, the steel industry federation. But this is contested by users. At last Friday's informal meeting of EEC steel ministers, it is reported that there was a general readiness to see prices rise.

The cautious rise in the galvanised sheet quota follows requests made to the Commission by British users. Demand in the UK is strong. The rise in the reinforcing bar quota reflects a seasonal increase in demand from theconstruction sector.

New Belfast development plan unveiled

By Our Brussels Staff

AN IMPROVED development plan for Belfast—co-ordinating EEC, UK Government and local authority initiatives—was presented yesterday to Mr Grigoris Varfis, the EEC Commissioner for regional affairs.

It is part of a Community experiment to see if closer integration of the efforts of regional, social and other development agencies can better encourage the take-up and use of projects finance.

Belfast was chosen with Naples as a "guinea-pig" for the scheme.

Mr Chris Patten, a junior Environment Minister, underlined that most of the £860m allocated to Belfast would come from the British Exchequer under public expenditure plans

Community voices fears over food aid to Sudan

BY IVO DAWNAY IN BRUSSELS

SERIOUS CONCERN over the ability of the Sudanese Government to channel EEC food aid to the hungry was voiced yesterday at a special co-ordinating committee on the African famine in Brussels.

The worries confirmed reports this week from a British parliamentary delegation recently returned from the Sudan. These raised the question of whether the country's poor roads and inadequate port facilities will be able to cope with more than 1m tonnes of cereals due to be unloaded in the next few months.

U.S. donations of 900,000 tonnes are due to be processed by official non-governmental aid agencies, But no formal distribution system has been set up to deal with 150,000 tonnes of EEC grain.

Talks between an EEC team and the Sudanese are continuing but the Community is understood to be less than happy that the authorities plan to hand over distribution responsibilities to private traders and contractors.

The Sapudi Arabian Government is believed to have offered substantial quantities of petrol to fuel lorries now running out of supplies. But this too is expected to go to relatively unsupervised private haulage companies.

More than 4.5m Sudanese are now said to be starving, and this does not take into account thousands of refugees from Ethiopia, currently entering the country at a rate estimated at more than 3,000 a day.

France takes firmer line in New Caledonia

By Paul Betts in Paris

THE FRENCH Government has toughened its approach to New Caledonia following a renewal of tensions and violence in the territory.

For the first time since a state of emergency was imposed last month, it has decided to expel five white residents accused of fomenting disorders. All are leading members or sympathisers of the extreme right-wing Caledonian Front, which opposes independence for the colony.

The Government has also called back to Paris the officer in charge of the gendarme force involved in violent clashes with Melanesian separatists at the weekend. Several separatists and two gendarmes were injured near the Thio nickel mine.

The clashes occurred after the gendarmes allowed a large group of white settlers, including members of the Caledonian Front, to hold a picnic near the mine. It had been banned earlier by M Edgard Pisani, the French Government's special envoy in the colony, because the authorities saw it as a deliberate provocation.

The events have proved deeply embarrassing for the French authorities at a time when M. Pisani is attempting to negotiate the future of the island with Melanesian (Kanak) separatists.

But the decision to expel the five whites, which was intended to appease the Kanaks, could provoke serious demonstrations among European settlers opposed to independence.

The majority right-wing party in New Caledonia warned yesterday it would oppose the expulsion orders.

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Egypt's foreign currency rules bring confusion and alarm

BY TONY WALKER IN CAIRO

EGYPT'S new foreign currency regulations, aimed at stopping the once booming black market, are proving something of a minefield for the Government and a source of alarm to foreign bankers who see in them a negative official attitude to their activities.

While there is general agreement in the local banking community that steps are needed to rationalise Egypt's Byzantine foreign exchange system, with its multiple layers of official rates and its dependence on an unofficial market, the Government does not get high marks for its application of the new measures.

Nevertheless, bankers say it is too early to gauge the success of the new system which will depend in large measure on the Government's establishing credibility in its operation. Initial indications are that sources of funds from expatriate workers in the Gulf are holding back until apparent contradictions are resolved.

This is a danger period for the Egyptian Government, bankers say, because the system could easily fail if confusion persists. Importers of all but what are considered essential items are finding it almost impossible to secure funds. Shortages of imported foodstuffs are apparent in the shops and dealers in imported cars report their activities have been virtually stopped.

The regulations are basically directed towards ending the "own system" of securing foreign exchange, the traditional means by which importers funded their activities by going to the black market—such business being worth a staggering $3bn last year.

The new measures particularly antagonised the foreign banking community by effectively stopping the main business of foreign currency branches (FCBs)—that of import financing.

Steps have now been taken to allow the branches to continue opening letters of credit, but the episode has left an aftertaste in the mouths of foreign bankers. They have had several difficult encounters with Dr Mustapha Said, the Economy Minister, in their efforts to secure special arrangements to allow them to continue their trade financing activities.

As the head of one of Egypt's joint venture banks observed: "I would not have thought now was the time to cock a snook at the major banks like Lloyds and Citibank when the country needs all the funds it can get."

The regulations are seen to be necessary both to check imports in the face of an expected balance of payments deficit this year of $1bn (£909m) and to draw foreign exchange back into the banking system, thus providing an adequate official pool for approved imports.

Funds available in the pool will depend on the success of financial institutions in attracting foreign exchange at a new "market" rate for the Egyptian pound, fixed each day by the Central Bank of Egypt and the larger local banks. The "floating rate" for the Egyptian pound of about E£1.25 to the dollar (effectively a devaluation of the local currency from the previous best official rate of 1.12 to the dollar) is about 5-10 per cent below the black market price.

At the same time, the Government has expanded the list of items requiring import licences from 130 to 333.

Confusion over the role of the 19 foreign currency branches in Egypt has been an unfortunate side effect of the measures and has exposed the branches' uncertain status as Law 43 enterprises—those established under President Anwar Sadat's "open door" policy—with limited rights in the banking system.

"In effect, they stopped our business," said Mr Ray Seamer, head of Lloyds International in Cairo, of the regulations that now require importers to deal through authorised banks in local currency to fund their activities.

As the foreign currency branches are not licensed to deal in local currency, the measures effectively prevented them providing letters of credit facilities to importers. After protests, they are now being allowed to make special arrangements with authorised banks to continue their trade financing activities on behalf of their clients.

However, Dr Said has told foreign bank representatives that this is an interim solution that will apply until changes can be made to Law 43 to allow them to offer their own "in house" facilities to cover letters of credit.

The Government has suggested that the foreign currency branches consider forming joint stock companies with local parties as a means of coping better with the new regulations. But bank representatives are not enthusiastic as it would mean taking a minority 49 per cent share.

"If an FCB went to a joint stock company we'd have to give up 51 per cent," said one Western bank official. "Why should we take 100 per cent of the risk and only end up with 49 per cent of the profits."

Under the regulations, banks are authorised to open letters of credit utilising up to 75 per cent of their total foreign exchange reserves, leaving 25 per cent at the disposal of the Central Bank. The new rules will give significant advantages to banks with large branch networks and good connections with financial institutions and money dealers in the Gulf, the main channel for remittances from expatriate Egyptians.

The Government seems certain to come under increasing pressure from private sector importers if funds in the banking system remain in short supply. Already, there are reports of loopholes being exploited under which technical "back-to-back" deals are being done to circumvent the new measures.

As one foreign banker said: "I still believe at the end of the day importers will be forced to buy in the black market."

SA moves to defuse township tensions

By Jim Jones in Johannesburg

THE SOUTH AFRICAN Government yesterday announced that it would introduce 99-year leasehold rights for blacks in three Cape Town twonships in a major concession aimed at ending the recent spate of riots over the policy of forced population removals.

Mr Gerrit Viljoen, Minister of Co-operation, Development and Education, said that the residents of Langa, Nyanga and Guguletu would be eligible for leasehold occupation: "I think that (this) will contribute to a sense of permanence and security among the residents."

The concession only affects about half the quarter of a million blacks living around Cape Town, however, and leaves the "illegal" status of many of the residents of Crossroads, the troubled squatter camp outside the city, unchanged.

The death toll from disturbances at the camp earlier this week, which began in the wake of rumours that a major forced removal was imminent, rose to 18 yesterday when two black teenagers died of their wounds in hospital.

Violence continued in other parts of South Africa overnight. Townships at Kimberley, the east Rand town of Springs, Welkom in the Orange Free State and Paarl, east of Cape Town, were the scenes of demonstrations and stoning. No casualties were reported.

Mr Viljoen's announcement received a cautious welcome from community workers in the city, but the opposition coalition, the United Democratic Front (UDF) said that the Government was trying to drive a wedge between "legal" and "illegal" black residents.

Although Mr Viljoen's decision will allow scores of thousands of blacks greater security of tenure, just as many will still face eviction as "illegal" immigrants from the so-called black homelands

Plunge of A$ marks end to Hawke's honeymoon

BY MICHAEL THOMPSON-NOEL IN SYDNEY

WITH the Australian dollar falling to a record low this week, it must have occurred to Prime Minister Bob Hawke that his honeymoon with the voters was not only over, but utterly forgotten.

In part, the sagging of the dollar—which occurred in relatively thin trading—was a continuing reaction to the strength of the U.S. dollar. But the severity of the fall was at least partially influenced by domestic factors—not least the damage Mr Hawke inflicted on himself two weeks ago as a result of bungled handling of his own Labor Party's left wing.

Hawke: self-inflicted damage

From a closing spot rate of 73.10 U.S. cents on Monday, the dollar fell to 70.40 on Tuesday and to 67.90 on Wednesday, when it briefly flirted with an all-time low of 66.50 before recovering somewhat yesterday to close in Sydney at 70.8 cents. At the start of the year the Australian unit stood at 82 U.S. cents.

It rallied yesterday but is still showing pronounced falls gainst the U.S. dollar and against most other currencies.

The plunge of the Australian dollar—which was floated by the Hawke Government in December 1983—alarmed some observers. One corporate economist said the fall was "scary and disruptive."

Yet it spread a warm glow in the stock market as investors totted up the possible benefits a weaker Australian currency meant for exporters, particularly diversified mining and resource groups like Broken Hill Proprietary, CRA, Western Mining Corporation, MIM and CSR, as well as for farmers.

With foreign buyers crowding in to the market, the Australian All-Ordinaries Index, the market's main barometer, spurted to an all-time high of 798.9 on Wednesday, against a 1985 low of 715.3 on January 7.

Whatever the short-term fate of the Australian dollar, or the impact on profits and inflation as a result of enhanced export earnings and higher import costs, it is now clear that Mr Hawke and his Government face pressures on a broad front.

First, the outlook for the economy is not as bright as that painted by Mr Hawke and his Treasurer (finance minister) Mr Paul Keating, three months ago in the run-up to the December 1 general election in which Mr Hawke won a fresh three-year term.

Inflation and unemployment are down, and capital and consumer spending rising. But there is worry on the trade front. For the seven months to January 1985 there was a current account deficit on the balance of payments of A$6.88bn (£4.47bn), up A$2.95bn on that seen in the same period of 1983-1984.

The betting is that the current account deficit for 1984-85 as a whole will exceed A$10.5bn, with worrying implications

Second, the industrial relations climate has deteriorated swiftly. Yesterday, three public sector unions agreed to suspend work-bans instigated when the wage-setting Arbitration Commission threw out their 8.3 per cent anomalies wage claim on January 10.

However, the Commission has agreed to re-hear the unions' claim—this time for an anomalies rise of between 2 and 3.8 per cent—which is viewed by most employers as a sign that strict adherence to centralised wage indexation (one of the main planks of the pay and prices pact between Labor and the unions) is rotten

Another domestic factor said to be tugging the Australian dollar down is Mr Hawke's own damaged credibility and authority. Two weeks ago, Mr Hawke infuriated his party by revealing—and then rescinding—an agreement to co-operate logistically with U.S. MX missile tests in the South Pacific.

Mr Hawke has once again patched things up with his rebellious left-wing. But his standing is diminished.

Over its first term of office, the Hawke Government was seen as decisive, pragmatic, and as a good business manager. But it also enjoyed extraordinary good luck. The view now gaining ground is that Mr Hawke and his Government are really quite wimpish.

● An end to the Queensland power dispute was announced late last night, with both the power unions and the state government claiming victory, writes Michael Thompson-Noel from Sydney. Details of the return to work are expected to be made known today.

● The Australian dollar traded at up to 71.5 U.S. cents yesterday closing 2.9 higher at 70.8. However, relief at yesterday's lifting of work bans in the public sector was tempered by renewed concern over the money supply.

● Stock market turnover was A$115m, the highest for 18 months, with the all-Ordinaries Index falling nearly four points to 795 as profit-takers moved in.

Kharg Island insurance cover withdrawn

By Carla Rapoport

TWO MAJOR insurance groups, covering most Greek and British ships for war risks, have withdrawn coverage for Iran's crude oil loading port, Kharg Island.

The Hellenic Mutual War Risk Association and the United Kingdom Mutual War Risk Association took the decision in direct response to the increase in attacks on ships in the Gulf.

"Recent events in the Gulf have been dramatic enough to move the area from a peace-time war risk to that of a war-time war war risk," said an executive from the Hellenic Association yesterday. Shipowners, he said, will still be able to insure their vessels through the Lloyd's of London market for trips to Kharg Island.

Although they specialise in war risk insurance, the two mutual associations operate as a sort of insurance club for their members. Recently, however, claims from vessels damaged in the Gulf have been putting a disproportionate strain on the associations' funds.

Three die as Israelis raid Shia villages

BY OUR FOREIGN STAFF

THREE suspected Shia guerrillas were killed and houses destroyed in southern Lebanon yesterday as Israeli troops continued their punitive raids on Moslem villages in an attempt to reduce the number of attacks on Israeli forces.

Deir Qanoun an-Nahr and Tair Debba, east of Tyre, were the target of Israeli search-and-arrest operations. Troops killed one man, injured another and arrested at least 15 others in Deir Qanoun.

In Tair Debba, the Israelis interrogated 160 men and bulldozed a house.

Israeli units also crossed north of the new front line for the first time since their withdrawal from the Sidon area on Saturday. They raided the village of Zrariyeh, north of the Litani river, destroyed six houses and arrested six people.

Three villagers were reported wounded by Israeli gunfire.

For the third day running, a curfew was imposed on the village of Arab Salim, north of Nabatiya. Two people who tried to leave the village on Wednesday night were shot dead.

The Israelis also made house-to-house searches in Bourj Rahhal and Yanouh, while people in nearby Maarakeh blocked roads with burning tyres, security sources said.

The Israeli raids are part of a new policy of collective punishment instituted after the recent escalation of guerrilla attacks against Israeli forces. Their aim, in the words of one officer, is "to reduce the enthusiasm of the Shia to attack us."

Mr Yitzhak Shamir, the Israeli Foreign Minister, told Armed Forces Radio: "We all hope these preventive measures . . . will prove to the various terrorists that they cannot attack the Israeli army without receiving punishment; heavy punishment.

"Until these attacks stop, the army will have to continue in this way without hesitation," he said.

Resistance forces have killed 10 Israelis since Israel announced a phased withdrawal from southern Lebanon last month. Israel has lost 621 dead since the June 1982 invasion of Lebanon.

Kuwaitis cast vote for reform

By Our Foreign Staff

KUWAIT'S newly-elected assembly is likely to subject state policies to more vigorous questioning, particularly on social and economic issues.

Conservatives will again dominate the assembly, the only elected Arab parliament in the Gulf, but many of the 28 new members in the 50-strong house are considered reformists and technocrats.

Approximately 85 per cent of the country's 56,848 eligible voters – a select group of males who comprise only 3.5 per cent of the 1.7m population – cast their vote in Wednesday's elections.

Despite allegations of bribery and other irregularities among candidates, diplomats praised the Government's handling.

The result was seen as an indication of voter discontent with the country's economy, which has slowed after years of oil-fuelled strength and is labouring from the effects of the 1982 collapse of the unofficial stock market.

Lange undaunted by strength of reaction to nuclear ban

BY JOHN WYLES IN WELLINGTON

NEW ZEALAND Prime Ministers have a modest taste for the international spotlight. An election defeat last July robbed the world stage of the colourful presence of Sir Robert Muldoon, but after a barely decent interval his successor, Mr David Lange, has sprung out of the wings with remarkable alacrity.

His celebrity has been earned by his Labour Government's recent implementation of its commitment to ban nuclear-powered and nuclear weapon-carrying ships from New Zealand ports. The Reagan Administration has been plunged into a cold fury as it was, inevitably, a U.S. warship which was denied access just over two weeks ago. But this was the policy which greatly helped Mr Lange and his party to win last July's election.

The embargo has strong support among all sections and age groups in New Zealand for a mixture of moral and political reasons which have been cruci-[illegible] by universal hostility to the nuclear weapons testing which France has been carrying out in the region over the past few years.

Although Mr Lange is known to have disputed aspects of the non-nuclear policy in the past, he left no reason to suppose during an interview with the Financial Times that his government will greatly soften its position. He did not agree with the assertion, made earlier this week by Mr George Shultz, the U.S. Secretary of State, that it made inoperable the 34-year-old Anzus alliance between the U.S., New Zealand and Australia.

Bespectacled and impressively rotund, the 43-year-old Prime Minister has lost none of his relaxed joviality during the last two weeks, despite a perceptible growth of nervousness in his country over Washington's reaction to the New Zealand embargo.

Lange: jovial celebrity

Over the last fortnight, the U.S. has cancelled a naval exercise with New Zealand and Australia and withdrawn from other scheduled Anzus contacts and consultations.

Nevertheless, Mr Lange is comfortably buoyed by opinion polls showing continued strong support for the non-nuclear policy. He leaves this weekend for Los Angeles where he will have a meeting on Monday with Mr Bill Brown, the U.S. Deputy Assistant Secretary of State for Pacific Affairs. He will also be seeing the British Prime Minister Mrs Margaret Thatcher.

After a series of almost daily press conferences on the issue, the Prime Minister has developed some finely-honed arguments in defence of his Government's policy.

"We have a concept of security here which says that there is now an absence of nuclear weaponry in our zone and we cannot for the life of us see how we can enhance our security by injecting into that serenity, at least as far as nuclearism is concerned, any weapons," he said.

Mr Lange stressed that he regarded Europe and North America as being in a totally different situation. "Indeed, if New Zealand were in Continental Europe and a bus ride down the road there was a nuclear arsenal directed at it, then New Zealand's response would be remarkably similar to the one the Continental countries have embraced. I am not arguing for any form of unilateral disarmament."

It was not his Government's intention to lead any kind of crusade and it was "quite ludicrous" to suggest that European governments and peoples might be tempted to go down the same path of rejecting U.S. nuclear weapons.

He rejected allegations that the New Zealand stand was weakening the U.S. negotiating position on the eve of fresh arms control talks with the Soviet Union. New Zealand policy did not alter the West's nuclear strength by a single missile and could not, therefore, weaken the U.S. bargaining position.

Threats of trade reprisals by either the U.S. or Western European countries are not being taken very seriously. Mr Schultz's warning against an over-reaction by the U.S. given to a Senate committee earlier this week gave the New Zealand Government some comfort. But ministers and officials are resigned to the fact that traditional defenders of New Zealand trading interests in the U.S. and the EEC may no longer rally vigorously to the country's cause.

AMERICAN NEWS

IBM to use public TV link

BY PAUL TAYLOR IN NEW YORK

INTERNATIONAL Business Machines (IBM), the world's largest computer maker, and Merrill Lynch, the U.S. financial services company, will use the Public Broadcasting Service (PBS) in the U.S. to distribute their planned electronic financial information service via television signals to personal computer users.

The deal, which will provide much-needed additional revenues for the commercial-free PBS television service, represents a further big step in the plans of IBM and Merrill Lynch to enter the electronic information service business in competition with other market price and financial news information services such as Reuter, Telerate and Quotron.

Those plans were announced last March when the two companies formed a joint venture called International MarketNet to prepare their entry into the booming electronic information business. However, it had been unclear how the service would be transmitted.

Under the terms of the deal, information provided by International MarketNet will be carried by PBS stations making use of "unused" sections of ordinary television picture signals and delivered to customer's personal computers equipped with a special decoding device similar to a cable television box.

The broadcast videotext service will therefore differ sharply from other stock and market-based electronic information services which generally use dedicated terminals and telephone lines to receive the information.

International MarketNet said the PBS would be one of three distribution systems for the information service, along with small satellite dishes and connections with telephone land lines.

Initially the new service is expected to be offered to Merrill Lynch's own brokers and small brokerage houses around the country. However, by linking up with PBS, which has more than 300 member stations covering 98 per cent of the U.S., the service could be made available to other private customers who would pay a monthly service fee.

No financial details of the deal have been revealed. However, for PBS, which is financed by federal funds, corporate underwriting and individual donations, the agreement will represent an important source of additional income – particularly at a time when federal funding for the service is being scaled back.

Host 'also responsible for drunken driver'

By Terry Dodsworth in New York

THE ANTI-DRUNKEN driving lobby in the U.S. has won a famous victory in a New Jersey case which establishes the responsibility of a host for the sobriety of a driving guest.

The out-of-court settlement, agreed as the case was being brought before the state Supreme Court at Freehold, is bound to have widespread ramifications.

"This is a precedent-setting decision," said Mr George Chamlin, the lawyer for the woman who was injured. "The New Jersey Supreme Court is enlightened and liberal and has given a lead which is already being followed up in the rest of the country."

Under the terms of the $172,500 (£159,000) settlement, almost half the damages to a woman injured in a head-on collision involving a drunken driver will be paid by the insurance company providing cover for the householder where the drinking occurred. The balance will be paid by the car driver's insurance.

Previously, U.S. courts had refused to hear complaints against householders, arguing that consumers of the alcohol were entirely responsible for their own condition.

The New Jersey decision follows five years of legal argument to bring the case to trial. Lower level courts refused to hear the case, but the Supreme Court reversed these decisions, arguing that the issue could be pursued on the grounds of common law negligence—an extension of the notion that a householder can be guilty of negligence if a guest falls through a trapdoor, for instance.

"It was a question of whether or not the social host acted wisely," said Mr Chamlin. "In this case, we established that the driver must have tr.. a minimum of 13 drinks of Scotch in an hour and a half. He was so drunk that the host certainly should have known he was drunk."

Lawyers in the case did not have to establish the drunkenness of the driver, who pleaded guilty to the charge, and later joined in bringing the action against the householder.

'Isabelita' Peron resigns from presidency of Argentine party

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

SRA MARIA Estela Martinez de Perón, the former Aregentine president, has resigned as president of the Peronist Party, it was announced in Buenos Aires yesterday.

Sr Jose Maria Vernet, acting president of one of the two principal factions of the party, said that Sra "Isabelita" Peron had set out her resignation in a letter dated February 4 and written from Madrid where she has been living in self-imposed exile since the middle of last year.

Sra Perón was the third wife of the l ate General Juan Domingo Perón who ruled Argentine from 1945 until he was ousted in 1955 and from 1972 till his death in 1974.

Sra Perón, as vice-president, succeeded to the presidency on his death and presided over an increasingly chaotic Argentina until she was toppled by a military coup carried out by General Jorge Videla in 1974.

The late general's widow, who was identified with the right-wing of the Peronist movement, proved incapable of uniting the Peronists during her presidency or afterwards.

In the past month tensions between rival factions within the party culminated in a formal split between the two main Peronist groups represented in the Argentine congress.

Her resignation will speed the process of political disintegration of a movement which had little formal structure and was from its foundation in 1945 effectively dependent on the often contradictory pronouncements of Peron himself.

Sra Peron's decision is likely to be quietly welcomed by the government of President Raul Alfonsin who will now face an increasingly disunited opposition to his policies.

Baldrige attacks Pentagon over leaks to Kremlin

By Our U.S. Editor in Washington

MR MALCOLM BALDRIGE, U.S. Commerce Secretary, has accused the Pentagon and other U.S. Government departments of allowing military and technical secrets to fall into Soviet hands by failing to check documents before they are declassified and made available to the general public.

Mr Baldriges complaint was made in a letter to five top members of the Reagan Administration, including Mr George Shultz, Secretary of State, and Mr Caspar Weinberger, Defence Secretary, extracts of which were published in the Washington Post yesterday.

Mr Baldrige called for an end to what he described as "this massive giveaway programme that permits the Soviets to acquire tens of thousands of scientific and technical studies"

The Commerce Secretary's move was seen in Washington as the latest shot in a long-running battle with the Pentagon over the control of U.S. strategic exports, which the Pentagon has largely been winning.

Mr Baldrige was reported to be particularly angry at security lapses by the Pentagon, which has been seeking to wrest control over strategically sensitive high technology exports from other government departments.

Among the studies that Mr Baldrige said were available to the Soviet Union was one called "a simulation model of the army's command, control, communications and intelligence process."

Rebels kill police in San Salvador

SAN SALVADOR – Leftist guerrillas killed at least three policemen and wounded many more when they fired a rocket-propelled grenade at a police truck near the centre of San Salvador on Wednesday night, witnesses said.

A hospital spokesman said a civilian was also killed in shooting after the attack.

Military sources said it was the most daring rebel attack in El Salvador's capital for more than a year.

The witnesses said the guerrillas fired the grenade as the truck was taking about 40 policemen to start patrolling their beats. At least three police officers were killed, and many were hurt.

The police fired wildly into the air after the ambush, causing chaos in the area, the witnesses said. Army reinforcements arrived about 30 minutes later.

Military spokesman said at least 14 people were killed earlier in fierce fighting between the rebels and troops for control of key highways.

They said eight soldiers and five rebels died when troops, backed by A-37 fighter planes, fought for six hours to dislodge a guerrilla roadblock between the towns of Ilobasco and Sensuntepeque, about 45 km (30 miles) north-east of San Salvador in Cabanas province.

They said 10 soldiers were wounded.

Earlier, a national guardsman was killed and six soldiers injured when troops with air support attacked more than 100 rebels who had burned two buses on a road 16 km (10 miles) from San Salvador.

The clashes followed blockades on traffic imposed by rebels of the Farabundo Marti National Liberation Front (FMLN). Bus companies said only one of 10 of their normal services were running in the embattled eastern provinces.

● The chairman of the U.S. Joint Chiefs of Staff said yesterday in Washington that the Pentagon had evidence that Nicaragua's leftist rulers had acquired defensive equipment for use against chemical weapons.

General John Vessey told the House of Representatives Foreign Affairs Committee: "We have seen evidence of chemical defensive equipment coming into Nicaragua."

He called it "decontamination equipment" and said there was no evidence the Nicaraguans had acquired chemical weapons.

Gen Vessey told the panel: "Nicaragua has the most powerful army ever in Central America," adding: "It is a Marxist-Leninist garrison state."

His testimony continued an escalation of rhetoric by Reagan Administration officials in recent days in an attempt to persuade Congress to revive covert aid to anti-government rebels, called "contras," in Nicaragua. Reuter

Chile trip causes confusion on U.S. policy

BY OUR FOREIGN STAFF

CHILE'S destiny was in good hands, Mr Langhorne Motley, U.S. Assistant Secretary of State for Inter-American Affairs, said as he left Chile on Wednesday night after a three-day visit which included discussions with General Augusto Pinochet.

Mr Motley's visit caused confusion about the attitude of the Reagan Administration to the Chilean regime.

Mr Motley praised the 1973 military coup in which General Pinochet seized power and toppled the civilian government of President Salvador Allende, when he said, the Chilean people had "rejected a form of government which is alien to our hemisphere."

He added: "Each country must set its own timetable for becoming democratic."

A few hours before his departure from Santiago Chilean police arrested 30 women demonstrating outside the U.S. embassy seeking his intervention on behalf of relations detained under the state of siege.

The U.S. earlier this month abstained in a vote in the Inter-American Development Bank on a large loan to Chile and officials in Washington have expressed concern about the increase in the regime's violations of human rights and the mounting campaign of violence by General Pinochet's opponents.

Nassau hotel workers threaten to step up action

BY NICKI KELLY IN NASSAU

A WORK slowdown by thousands of hotel workers in Nassau and Paradise Island entered its sixth day yesterday with union leaders threatening an all-out strike unless their terms for a new three-year contract are met.

The action by the Bahamas Hotel and Catering Workers' Union has disrupted operations at 22 properties during the busiest part of the year and created grave concern over the long-term repercussions on the Bahamas' $800m tourist industry.

Mr Barrie Farrington, the president of the Bahamas Hotel Employers' Association, warned that any "irresponsible or reckless behaviour" by the union could lead to economic collapse.

He said the union's demands, which include a seven-hour day and a four-day week, would cost employers an additional $100m (£92.5m) over the next three years.

The association contends that high operating costs and the strength of the dollar has already eroded the Bahamas' competitive position in relation to other resort destinations.

"Should employers give in to any substantial part of these demands we would be ensuring beyond any question the demise of our vital tourist industry," Mr Farrington said.

The contract with the hotel union expired on January 6 after four months of fruitless negotiations. This week's work slow down is the second in six weeks Mr Thomas Bastian, union president, said the action would continue until an agreement was reached. If that failed, "the possibility of a strike looms bigger," he said.

Managua stations troops

NICARAGUA says it is moving troops, tanks and heavy artillery to its border with Honduras to counter a possible U.S.-led invasion, Reuter reports from Managua.

In Washington, Reagan Administration officials said the Nicaraguan troop movements suggested the Sandinista Government could be planning a major spring offensive against U.S.-backed right-wing rebels.

Sr Humberto Oretga, Nicaraguan Defence Minister, on Wednesday took a group of journalists to a hill in northern Nicaragua a few miles from the Honduras border in Chinandega province where a strong military force was deployed.

Weapons included Soviet T-55 tanks, Soviet multiple rocket launchers, 162 mm artillery. At least two Soviet helicopter gunships flew overhead.

The U.S. and Honduras are preparing to hold joint military exercises, including mock tank batles, in Honduras over the next three months. Nicaragua has said the war games are a rehearsal for a U.S. invasion.

Switzerland aids Mexico in fraud case

THE SWISS Government has given Mexico legal assistance in an investigation of alleged fraud against Pemex, the State-owned oil company, the Swiss Justice Ministry said, Reuter reports from Berne.

The decision to co-operate with Mexican authorities, made about two weeks ago but not publicly announced, involved alleged bribes by a U.S. company to Pemex officials to win a contract for certain oil equipment, the ministry added.

The moneys were allegedly later paid into Swiss bank accounts. The documents, originally sought in 1983, were given to the Mexican embassy on February 7.

The Government's decision to hand over documents followed a rejection last year by the Swiss Federal Court of an appeal by two former executives of Pemex against the supply of information to Mexican authorities.

The court said in last July's ruling that the Mexican authorities suspected two unnamed former executives of taking bribes of $28m (£25.9m) from the Meixcan subsidiary of Crawford Enterprises, a U.S. company.

It had said the subsidiary had received contracts in return for the bribes. A t least part of the money had been transferred to Union Bank of Switzerland and Swis Bank Corp accounts.

WORLD TRADE NEWS

Greece to sign one year interim air deal with U.S.

BY ANDRIANA IERODIACONOU IN ATHENS

GREECE HAS reached an interim one-year civil aviation agreement with the U.S., which will allow transatlantic flights between the two countries to continue without disruption while Athens and Washington try to negotiate a long-term air pact, the Greek Government announced yesterday. Greece says the interim agreement will be initialled in Athens today.

A 1946 Greek-U.S. civil air agreement expired on February 6 after having been denounced by Athens as "one-sided and colonial" 12 months earlier. For the past three weeks, flights have been kept going through consecutive extensions of a few days at a time.

The interim agreement will now give the two sides a protracted breathing space in which to continue their negotiations of the past year for a permanent arrangement.

The main obstacle to agreement is understood to lie with the issue of single versus multiple carrier designation. The 1946 agreement allowed multiple unspecified carriers to serve the Greeks-U.S. route. But until last year this was shared equally between one airline from each country — Trans World Airlines (TWA) and Olympic Airways, the Greek state carrier.

Greece denounced the agreement last winter after Pan American, World Airways and Transamerica applied to begin Greece-U.S. flights under the multiple carrier clause. The Greek Foreign Ministry, which is handling the civil air talks, says its priority is to protect Olympic.

The transatlantic route represented approximately 20 per cent of Olympic's international earnings in 1983. Company officials say the Greek carrier would be badly hurt if it were exposed to more competition from U.S. commercial airlines.

The U.S. view is that the new civil air agreement should ensure maximum opportunity for U.S. airlines.

The Greek Government spokesman said yesterday that, as well as allowing existing TWA and Olympic flights to continue, the interim agreement allows additional reciprocal arrangements, of "mutual and equal" economic benefit.

According to the U.S. these arrangements cover the option of a second U.S. airline beginning flights into Greece, in exchange for increased Olympic flights to the U.S.; pending final agreement.

Applications by the three American airlines which bid to begin Greece-U.S. flights last year, reportedly still stand. The U.S. Department of Transportation is to select one of the three applicants.

Olympic officials stated that the company has no plans to step up its flights to the U.S. in the next 12 months, although they said that TWA is expected to increase its flights into Greece in the early summer. TWA declined to comment.

Shell wins Soviet deal

BY OUR COMMODITIES STAFF

SHELL INTERNATIONAL PETROLEUM has won a £7m contract to supply the Soviet Union with agrochemicals, it was announced yesterday.

The deal was signed with Soyuz Chimexport at this week's British agribusiness promotion in Moscow, in which more than 30 companies are seeking to sell farm supplies and food processing and packaging equipment.

The exhibition, opened on Monday by Mrs Peggy Fenner, parliamentary secretary at the Ministry of Agriculture, follows up interest in such goods expressed by Mr Mikhail Gorbachev, number two in the Soviet Politburo, on a visit to London last year.

Shell's deal mainly involves the supply of synthetic insecticides known as pyrethroids. The company said its involvement in Soviet agriculture had increased greatly in recent years, and that it was currently engaged in crop protection trials covering 4,000 hectares of Soviet land.

EEC to probe three charges of dumping

By Paul Cheeseright in Brussels

THE European Commission has started an anti-dumping investigation into imports of wire rod from Brazil, Portugal, Trinidad and Tobago and Venezuela.

The investigation comes shortly after the Commission has completed the main negotiations with steel supplying countries for the 1985 level of their sales in the EEC.

Steel imports are not only supposed to comply with certain tonnage levels but also to maintain a close relationship with EEC prices and be spread steadily out over 12 months.

The complaint that the four suppliers were dumping came from Eurofer, the steel industry federation, the Commission said yesterday. Citing Eurofer evidence, it noted that wire rod imports from the four countries had risen from nothing in 1981 to over 77,000 tonnes in the first quarter of 1984.

Sales of wire rod from these countries are said to have been taking place at prices up to 33 per cent lower than EEC producer list prices.

The action on wire rod is one of a series of anti-dumping moves just announced by the Commission.

It is also investigating a complaint from the European Confederation of Woodworking Industries that hardboard is being dumped by Argentina, Portugal, Switzerland and Yugoslavia.

They are said to have been undercutting EEC prices by up to 46 per cent while build-up an 8 per cent share in the market for 1983 compared with 4.7 per cent in 1981. The 1984 level of imports is estimated to be much the same as for 1983.

A third investigation started by the Commission involves clogs from Sweden, but not it appears traditional wooden clogs. Those that the European Confederation of the footwear industry has complained about have outer soles of leather and a leather upper.

The burden of the Confederation complaint is that Sweden has been undercutting EEC prices by up to 72 per cent, while Community production has been falling—from 2.3m pairs in 1981 to 1.4m pairs in 1983.

Gandhi announces move to boost electronics

BY K. K. SHARMA IN NEW DELHI

Rajiv Gandhi

THE INDIAN Government has prepared a new package for the development of the electronics industry which may give foreign companies a bigger role in the sector. The package is to be presented to Parliament in its next session beginning March 11.

Mr Rajiv Gandhi, the Indian Prime Minister, announced the package yesterday at a seminar on investment opportunities organised by the All Indian Manufacturers organisation.

Mr Gandhi said he believed that electronics should be given priority. "We missed one bus with the industrial revolution and were not able to catch up for 300 years. We should not miss the second bus—the electronics revolution." Mr Gandhi said.

Ever since he was swept to power in parliamentary elections last December, Mr Gandhi has repeatedly stressed the importance of electronics for India, both for industrialisation and for general economic development.

It is widely expected that the new package of policies he has promised will give substantial concessions and incentives for development of electronics and its applications.

Work on the package has been in progress for some years and a separate Department of Electronics was established by the late Mrs Indira Gandhi, who announced a policy in general terms last year. However, progress in all sectors of the electronics industry, notably computers, has been noticeably slow.

Many Indian industrialists who have invested in imported technology in electronics, particularly computers, have expressed fears that foreign investment in the field could mean heavy losses for them. These fears are expected to be taken into account, but it is widely believed that foreign firms will get a bigger role than hitherto.

● Britain and India this week reached agreement on moves to increase collaboration on the modernisation and development of the Indian coal industry.

The main agreement is on preparation of a master plan by a British company to develop the Wardha Valley coalfield in Gujarat state which is under the control of the Government-owned Western Coalfields.

Development of this coalfield, which is close to the consumption centres of the western and southern parts of the country, has been given priority in India's seventh five-year plan for the period 1985-90.

The discussions, by the Indo-UK joint steering group on coal, also covered collaboration in opencast and underground mines, delivery of equipment from Britain and training of Indian experts.

Officials reviewed the present position on purchase of equipment with the help of British credits for the 4m tonne Amlori open cast mine in Singrauli coalfields and also development of the 800,000-tonne Radhamadhavpur underground project at Raniganj coalfields.

A distinct possibility that has emerged is the manufacture of longwall mining equipment in India with British help.

European semiconductor growth set to slow to 12%

BY PAUL BETTS IN PARIS

THE EUROPEAN semiconductor market is expected to grow by 12 per cent cent this year down from a remarkably strong 38 per cent—40 per cent last year.

M Jean-Philippe Dauvin, the senior economist at Thomson Semiconducteurs, the semiconductor subsidiary of the nationalised French defence and consumer electronics group, says that his bearish forecast for the industry in Europe this year is now shared by forecasts of U.S. groups. U.S. groups were earlier estimating growth of between 21 per cent—25 per cent for the European semiconductor market this year.

For the first time, the latest cyclical slump of the industry has occurred at about the same time in both the U.S. and European market. Traditionally Europe has lagged the U.S. in the cycle.

M Dauvin says the slump in Europe started last August. The bookings to billings ratio (the key measure for the industry) dropped to 0.65 last month from a peak of 1.70 in April 1984, according to M Dauvin.

He expects the book-to-bill ratio to stabilise in coming months and start recovering around May or June. In contrast, there are signs of a pick up in the U.S. after hitting a low of 0.58 in December, the U.S. book-to-bill ratio crept up to 0.68 per cent last month.

M Dauvin says the European market is currently going through a readjustment phase. He is cautiously bearish about the industry's prospects in Europe next year suggesting growth could range anywhere between 3 per cent to 15 per cent.

Thomson's own semiconductor operations continued to be in deficit last year but the French company has managed to sharply reduce its losses in this sector. Thomson's semiconductor sales rose from $195m (£177m) in 1983 to $300m last year. The French company also saw its European semiconductor market share increase

● A record 90 per cent of West German firms polled recently are optimistic about export prospects this year and 80 per cent expect to maintain or increase their workforce, the German Industry and Trades Association said.

Chris Sherwell reports on growing concern among many civil contractors

Small clouds gather over Singapore's metro

VAST CRATERS pockmark the city centre. Decorated scarlet-and white hoardings divert traffic and hide ever-deepening tunnels. Day and night, heavy trucks shift earth and equipment.

This is Singapore's metro project, or MRT (Mass Rapid Transit) as it is known locally. Sixteen months after the much-publicised initial ground-breaking ceremony, there is more exasperation than excitement, but everything seems to be going swimmingly.

One third of Phase I will be completed by the end of the year, says Communications Minister Yeo Ning Hong, and another third in each of the next two years. Construction of Phase II is being accelerated and the whole 67 km, 42-station project may be expanded. Best of all, it is coming in well under the original S$5bn (£1.7bn) budget.

But if all is basically well, it is not quite as it seems. Last month both the MRT Corporation, which is running the project and most of the contractors were shocked by the sudden resignation of Mr Stewart Scott, the project director. He is to take up a similar job in Dallas, Texas.

At the same time, it emerged that most of the civil contractors are becoming increasingly nconcerned over changes in their works and over the very real prospect that they could run over schedule. Both involve time, and, therefore, money.

There is no question of the two issues being related—only that they amount to a grey cloud on a bright horizon.

Mr Scott, 53, will leave the corporation at the end of May, after little more than two years in the job. The Dallas Railway Transit Authority recruited him both for his experience—he previously worked on the Hong Kong project—and for his integrity—contractors agree that he has devoutly defenced the MRT Corporation's interests.

But the Coporation is clearly unhappy. In a statement published several days after news leaked of his departure, it said it "would have preferred that Mr Scott stayed on to see the project through to a more advanced stage."

To compensate, the Corporation has already set up a five-member project committee, and the new project director will join it when appointed. It also says it is confident that the construction programme can be successfully completed on schedule.

The line is the same over the contractors. Numerous French and Japanese contractors are known to be involved in discussions with the Corporation over payment for changes in their contracts, and to have notified the Corporation about possible delays in completion.

The potential delays spring from general factors such as last year's unusually heavy rain and specific problems like unexpected soil conditions at the 12 excavation sites being worked on. One contractor recently had a cave-in; another had to switch digging techniques. Work at a 13th site is held up by boulders which have to be blasted away.

The changes in work are the result of orders given by the corporation and have raised questions about whether they are "variations" or "improvements." The final interpretation will decide whether the contractor or client pays.

One contractor has received at least five variation orders. Most have sent in notification letters. But the MRT Corporation, while saying these matters are strictly confidential between contractor and client, insists the numbers have been normal and are nothing to be alarmed about. A banker comments that variations are, anyway, a means for contractors to make additional money.

The contractors are, nevertheless, in a tricky position. Most bid very low to win their orders, and some pared profit margins to the bone. They could even face losses if costs rise and they have to pay.

Moreover, most are interested in securing further work on the second phase of the project, even though this will be less exciting because much of it will be above ground and not be offered in the form of turnkey contracts. Any complaints, therefore, need to be made with considerable discretion.

None of this is regarded as particularly unusual in a project of this scale, and certainly not on a Singaporean contract. At this early stage it is impossible to be definitive about the outcome.

But one international civil engineering magazine has already speculated that the savings made by the MRT Corporation from contractors below-budget competitive bids could be absorbed by successful claims for "extras."

Training centre cuts to go ahead despite protest

BY ALAN PIKE, INDUSTRIAL CORRESPONDENT

THE GOVERNMENT is to go ahead with plans to close 29 of Britain's 87 skillcentres which provide training schemes under the Manpower Services Commission (MSC).

Mr Tom King, Employment Secretary, authorised the closures yesterday despite a sharp division of opinion among members of the MSC. He told the House of Commons that the reorganisation proposals would eliminate a waste of resources and substantially increase the funds available for other training schemes.

Mr John Prescott, Labour's employment spokesman, said the Government was forcing the closures through against the wishes of a majority of MSC commissioners.

Last month the nine part-time MSC commissioners divided five to four in favour of endorsing the closure proposals. Since then, however, one of the five – Dr Malcolm Green, a local authority member of the commission – has written to Mr King saying he has changed his mind and believes the entire skillcentre network should survive.

Mr Ken Graham, assistant general secretary of the Trades Union Congress (TUC) yesterday wrote to Mr Bryan Nicholson, MSC chairman, saying the TUC now considered that there was a majority in the commission against the closures. He gave notice that the TUC wanted the issue reopened at next week's commission meeting.

Union leaders and Opposition MPs were furious last night that, given Dr Green's change of mind, Mr King had asked the MSC to implement the proposals without giving it a chance to reconsider them.

Senior MSC officials, who presented the plan to the commissioners, say that without the closures the Skillcentre Training Agency is in danger of losing £52m by 1987-88. And that much of the existing skillcentre capacity is based on outdated skills which industry will never need again.

Skillcentre places will decline from 17,340 to 13,230. But a 300-strong mobile instructor force is planned to take training into the workplace. Up to 950 Civil Service jobs will be lost.

Mr King said yesterday he had asked the MSC to ensure that no individual skillcentre closure took place until appropriate alternative training provision was available. He called for full consultation with staff and trade unions, saying that compulsory redundancies should be avoided where possible.

Opponents of the closure plan – who include Civil Service union leaders and Mr Ron Leighton, Labour chairman of the House of Commons employment committee say they fear that it will lead to the run-down of the entire skillcentre network.

Mr Prescott, described the plan as a "kick in the teeth to 1.5m long-term unemployed, desperate for training courses," but Mr King and MSC officials argue that under the commission's Adult Training Strategy training opportunities will be substantially increased.

De Lorean liquidators to sue

BY JOHN GRIFFITHS

LIQUIDATORS of the De Lorean sports car manufacturing subsidiary in Belfast have followed the UK Government in issuing a writ against the De Lorean auditors, Arthur Andersen.

The writ, issued in the High Court in Belfast, alleges "breach of contract, negligence, misrepresentation and breach of duty" by the auditors in handling the De Lorean accounts and financial statements. The writ alleges that as a result the company was allowed to incur debts and dissipate its resources in a manner prejudicial to its creditors.

The liquidators, accountants Pannell, Kerr, Forster, are seeking damages adequate to cover creditors' losses. These amount to nearly £50m by the preferred creditor, the Government, and £40m by unsecured creditors.

Last week the Northern Ireland Department of Economic Development filed its own suit in New York seeking $270m (£248m) in damages against Arthur Andersen, the world's largest accountancy group.

The suit alleged negligence in failing to uncover accounting irregularities and that the group practised public accounting functions "fraudulently and with gross incompetency." Arthur Andersen subsequently issued a statement in London rejecting the allegations.

Mr Patrick Baly, one of the joint liquidators, said last night claims from unsecured creditors to date totalled £34m. These claims came from 700 individual creditors, while De Lorean's books showed that a total of 2,000 were owed money by the company.

He said additional claims could add a further £8m, "but the situation has been fairly chaotic because some of De Lorean's suppliers were forced out of business."

The largest single unsecured creditor was Renault, which supplied the De Lorean's engines and transaxles, and was owed about £12m. Renault has since been paid by the French equivalent of the UK's Export Credits Guarantee Department which has assumed Renault's place in the creditors' queue.

The other principal creditors are British Steel, owed about £2m; GKN, owed £700,000 for components; Goodyear Tyres, and International Paints, each owed about £500,000; and Rockwell International, owed £325,000 for components.

All the Belfast manufacturing company's assets were chargeable to the Government, which provided nearly £77m for the project. So far the joint receivers, Sir Kenneth Cork and Mr Paul Shewell, of Cork Gulley, have recovered just over £14m.

Chairman named at Royal Dutch

By Dominic Lawson

ROYAL Dutch/Shell yesterday named the men who will lead the world's second largest oil group, after Sir Peter Baxendell retires as chairman.

The position of chairman of the joint committee of the Royal Dutch/Shell Group will return to the Netherlands, with the appointment of Mr Lo van Wachem, the president of Royal Dutch to the post. Mr Peter Holmes, who has been managing director since 1982, will become vice-chairman of the joint committee.

The two publicly quoted companies, Royal Dutch and Shell Transport and Trading, have respectively 40 per cent and 60 per cent interests in the companies known collectively as Royal Dutch/Shell.

Mr Holmes, 52, should have eight years ahead of him as chairman of Shell T and T. Mr Holmes is a Middle East expert, having spent 20 years with Shell in the region, including spells in Sudan, Libya and the Lebanon. In 1965 he became general manager of Shell Markets (Middle East).

Mr Holmes gained experience of oil exploration as personal assistant to Shell's exploration and production co-ordinator in 1969.

In 1981, Mr Holmes became president of Shell International Trading Company and a director of Shell International Petroleum.

□ DOVER seamen are threatening to disrupt ferry sailings to the Continent today in protest against the proposed closure of the Dreadnought National Seamen's Hospital, Greenwich, south east London.

Leaders of the National Union of Seamen at the port said a 12-hour strike starting at 7am was expected mainly to affect Sealink services to Calais. There was little indication of the likely level of response, nor of whether Townsend Thoresen sailings to Zeebrugge, Calais and Boulogne would be hit.

The strike is in part of a day of action in protest against the proposed closure of the hospital and transfer of services to St Thomas's Hospital, Lambeth, south London.

□ UNION leaders hope that a private parliamentary Bill designed to give shareholders greater control over company donations to political parties will come before the House of Commons today.

The Bill, presented by Mr Derek Fatchett, a Labour MP, is scheduled for a second reading. It is aimed at bringing rules for such donations more into line with those applying to trade unions.

Companies would have to establish political funds through a ballot of shareholders before they could give money to a political party. Shareholders would be allowed the same rights of opting out of paying to such funds as trade unionists.

□ ORDERS for machine tools for the home and export markets in the three months to last November rose by 28.5 per cent over the preceding three-month period, according to the Department of Trade and Industry.

Export orders were 40.5 per cent higher than in the preceding period and domestic orders were 16.5 per cent higher. Sales to home and export markets also increased, by 22.5 per cent and 22 per cent respectively.

□ AN ENTERPRISE trust south of Glasgow is looking into the possibility of housing the Union Carbide Company's gas mixing plant which was earlier this month refused planning permission by Livingston new town, near Edinburgh.

Livingston rejected planning permission after residents voiced concern about the disaster in Bhopal, central India, in December when more than 1,400 people died after toxic gas had leaked from a Union Carbide plant.

□ TAKEOVER bids last year more than doubled in value over 1983 to reach a record of £5.24bn, according to the Department of Trade and Industry.

Last year, 444 companies made successful bids for 507 companies. This compared with 1983 when 391 companies acquired 447 other companies in deals worth a total of £2.34bn.

□ HEAVY fire damage in December last year, amounting to £46.8m, resulted in total fire damage costs in 1984 reaching £553.6m, the second highest bill on record, according to the British Insurance Association.

□ AN OFFSHORE oil drilling rig service base is to be set up in Shetland, the second one in Scotland to serve the new surge in oil exploration.

□ MR NIGEL LAWSON, chancellor of the Exchequer, was challenged to deny reports that he was considering imposing VAT on fuels in order to raise money to meet the costs of the miners' strike.

Mr Tony Blair, Labour's Treasury spokesman on VAT, said it was estimated that the Government could raise up to £1.5bn through adding VAT to domestic electricity, gas, coal and oil bills.

Philip Bassett and John Lloyd on the collapse of the TUC's peace initiative

NUM prepares to fight on alone

THE EVENTS of the past few days in the pit dispute have been of great, even momentous importance. They have seen the Trades Union Congress (TUC), in the shape of the seven-man liaison group charged with responsibility for monitoring the 11-month-old strike, divide sharply and bitterly from the leaders of the National Union of Mineworkers (NUM) whom they had striven – unsuccessfully – to help.

At the same time, the TUC and the Government – particularly Mr Peter Walker, the Energy Secretary – have moved more closely together than possibly at any time since Mr James Prior was Employment Secretary in 1979–81.

Over last weekend, the NUM executive had approved a renewed approach to the National Coal Board (NCB) and the Government on the basis of modifications to the NCB's hard-line document. The NCB refused to shift, Mr Arthur Scargill, the NUM president, asked the TUC seven on Sunday night to try to get changes to the board's proposals.

The succession of events moved to a different plane when Mr Norman Willis and the six other members of the TUC's liaison committee met the Prime Minister at Downing Street on Tuesday.

The TUC went to see Mrs Margaret Thatcher convinced that it had the NUM's agreement that what they were talking about was not an agenda for forthcoming negotiations, but a final settlement. While there would be talks on other issues – pay, an amnesty for miners sacked during the dispute and the overtime ban – there would be no further discussions on the principal issue of pit closures.

Seizing his chance early in the meeting, Mr Walker asked Mr Norman Willis, the TUC general secretary, what he considered the meeting was there to discuss. Mr Willis replied that it was there to talk about terms for a final deal on the central issue. He offered the suggestion that each of the union leaders should indicate individually that was the case. Each did so, nodding agreement to Mrs Thatcher

Mr Walker then asked Mr Willis whether it was the TUC's view that the NUM understood the Downing Street talks were to be about a final agreement. Again Mr Willis said it was and, turning to the three union leaders on either side of him, again sought their individual endorsement. Again, each nodded their agreement.

Mrs Thatcher accepted the TUC's point that there was a glaring contradiction between the NCB's proposals, supposedly non-negotiable, and the terms of the settlement last autumn with the pit supervisors' union Nacods, which was supposedly sacrosanct. From that point, it was clear that there would be changes in the NCB document.

The lengthy discussions which followed with Mr Walker and with Mr Ian MacGregor, chairman of the NCB, were aimed at settling the changes. In this period, the TUC tried to keep Mr Scargill and the NUM informed but were unable, despite repeated attempts, to contact him.

Finally, on Wednesday morning, Mr Willis led the TUC team for a last negotiating session with Mr MacGregor to agree the final terms of the new proposals.

Willis: angered by NUM's rejection

Scargill: NCB proposals '100 per cent worse'

Senior TUC officials remained behind at Congress House, the TUC's London headquarters, to explain to Mr Scargill and the NUM executive that Mr Willis and his colleagues were again talking to Mr MacGregor, and so the NUM should just sit tight.

NUM leaders now claim that they understood from the TUC that they would have a long time to wait. They coupled this with a – completely untrue – report, supposedly relayed from the House of Commons through one of the NUM's sponsored MPs, that the TUC were to meet Mr MacGregor again in the afternoon.

Members of the NUM executive were angry that the TUC was "again" allegedly treating them in what they saw as a cavalier and high-handed fashion.

Even now, TUC, NCB and Government officials can hardly credit that – after extensive press, television and radio coverage of the Downing Street meeting, and the talks with Mr Walker and Mr MacGregor – the NUM executive accepted Mr Scargill's explanation that there were no new initiatives, he had heard nothing, and they should all leave and just report back in time for yesterday's delegate conference.

Word went up to Mr Willis from the TUC's front office that the NUM executive was leaving in sombre mood. Mr Willis and his colleagues were appalled and angrily questioned Mr Scargill about why he had sent the executive away.

Mr Scargill protested innocence and claimed he was not trying to do anything unhelpful. But the incident formed a backdrop to the TUC's anger later when the NUM rejected the NCB's latest proposals.

Mr Willis and his team then put the latest NCB document to Mr Scargill, Mr Peter Heathfield, the NUM general secretary, and Mr Mick McGahey, the union's vice-president. Mr Scargill flipped quickly through the document and told the TUC that his first reaction to it was that it was 100 per cent worse than the previous proposals from the board.

Apparently taking his cue from Mr Scargill's stance, Mr Heathfield, absorbing the document more slowly, then pushed it away from him while still only halfway down the first page.

For the NUM to have rejected the document as not what it had wanted would, for the TUC, have been understandable. But Mr Willis was genuinely angry when Mr Scargill rejected it as being worse than the previous proposals.

The NUM executive reconvened at Congress House at 5pm. They were joined round the horseshoe table in the council chamber on the fifth floor by Mr Willis and his six colleagues.

Mr Willis told them that the amended document was the best they could get: no further changes were, in the view of the TUC seven, available. The changes had been hammered out at the highest possible level – with the Prime Minister in Downing Street – and there was no higher to go. That, Mr Willis stressed, was the judgment of all the TUC leaders involved.

Mr Willis did not recommend the document although the seven had toyed with the idea of doing so, and he emphasised that the decision was that of the executive. But, he repeated, the TUC had nowhere else to go, no one else to try.

He also emphasised that the document was non-negotiable and would form the central part of the final agreement.

Mr Jack Taylor, the NUM Yorkshire area president, asked Mr Willis if he had understood him correctly: would the NUM executive have no right at all to negotiate changes? Mr Taylor, assuring Mr Willis he meant no disrespect, said that all the negotiations had been done through intermediaries – the TUC seven.

The TUC general secretary repeated that the document was final: it was an agreement. Another executive repeated the question: were the TUC leaders certain it was non-negotiable?

Again, Mr Willis said it was not – though he told them that the board had agreed to offer clarification, directly to the NUM, if the union's officials cared to call the board.

The TUC seven then withdrew. Mr Scargill told his executive that the document which the TUC had brought back was worse, not better, than the board's original document. It had, by sharpening and clarifying a number of previously obscure issues, made the harshness of the terms more clear.

There was no replay at this meeting of the discussions of last weekend, where Mr Scargill found himself opposed by his colleagues on the need to compromise. A number of the leading left-wingers – such as Mr Taylor and Mr Emlyn Williams, the South Wales president – were mandated by their area conferences to continue the dispute.

At least some of the right-wingers on the executive appear to be taking the cynical position that they will allow Mr Scargill to lead the strike into a hopeless conclusion so that he, not they, receive the blame for it.

Probably more important than these considerations was the toughness of the board's terms for men whose members – still in the majority – have been on strike for 50 bitter weeks. All of the phrases stressing management's right to manage and the board's duty to run an economic industry are spelled out in the document with painful clarity. While some of these are self-evidently part of daily industrial practice, their reiteration at this time amounts in their eyes to a humiliation.

All of the executive had qualms, and many of them expressed them. But in the end, none could find it in them to argue strongly for accepting the document – the moderates were given nothing to hang on to.

Once the decision was taken, by 8pm on Wednesday, the result of yesterday's delegate conference was obvious. Once again, Mr Scargill, in his element and with renewed vigour, told the delegates that they were being asked to sign away rights they could never surrender.

He said that the content of the discussions between the TUC seven and the Government and NCB were not made known to the NUM officials until yesterday, once it was clear, the executive had unanimously rejected the terms.

Mr Mick McGahey, the vice-president, repeated his condemnation of many TUC leaders as "dishonourable men" for not trying to mobilise support for the NUM. Others had tried and succeeded, others again had tried and failed – they had kept some honour.

Among the speakers, Mr Jack Collins, the Kent area secretary, singled out the TUC seven for charges of dishonour. Why had they, he asked, gone to the Government, to Acas (the conciliation service), to the board – to everyone instead of the working class.

Other delegates expressed their willingness to carry on the struggle. Later, as Mr Scargill struggled to give a press conference in front of a battery of cameras, the young delegates roared their approval when he parried a question on "What happens now?" with "the strike goes on."

The conference agreed that the fight must now be carried to the working coalfields, that the rank and file must again be appealed to over the heads of their leaders and that any future negotiations should not involve the "middle men" of the TUC and Acas.

The NUM, last night, has incredibly launched itself once more into a strike which everyone but its leaders believe is effectively over.

● Six hundred British mineworkers, many of them made idle by the strike, have been recruited to work in South African coal mines in the past six months, Reuter reports.

Mr Cyril Ramaphosa, secretary-general of South Africa's black miners' union, said the UK miners were being hired to meet a shortage of skilled white miners. They were being paid up to R3,000 (£1,389) a month, about eight times more than black workers.

"We are concerned that members of the British National Union of Mineworkers, a union we support, should come to South Africa and take jobs away from our workers," Mr Ramaphosa said.

Legal Notices

BRADBURY TECHNICAL SERVICES LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act 1948 that a meeting of the Creditors of the above-named Company will be held at 68 Queen Street, Sheffield S1 1WR, on Monday the 11th day of March 1985 at 11 o'clock in the forenoon, for the purpose of having a full statement of the position of the Company's affairs, together with a List of Creditors of the Company and the estimated amount of their claims, laid before them, and for the purpose, if thought fit, of nominating a Liquidator and of appointing a Committee of Inspection.

Notice is also given that, for the purpose of voting, Secured Creditors must (unless they surrender their security) lodge at 68 Queen Street, Sheffield S1 1WR before the Meeting a Statement giving particulars of their security, the date when it was given, and the value at which it is assessed.

Dated this 18th day of February 1985.

By Order of the Board of Directors
P. F. MARSHALL
Company Secretary

DAVEY CONSTRUCTION (CORNWALL) LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act 1948 that a meeting of the Creditors of the above-named Company will be held at 68 Queen Street, Sheffield S1 1WR, on Monday the 11th day of March 1985 at 11 o'clock in the forenoon, for the purpose of having a full statement of the position of the Company's affairs, together with a List of Creditors of the Company and the estimated amount of their claims, laid before them, and for the purpose, if thought fit, of nominating a Liquidator and of appointing a Committee of Inspection.

Notice is also given that, for the purpose of voting, Secured Creditors must (unless they surrender their security) lodge at 68 Queen Street, Sheffield S1 1WR before the Meeting a Statement giving particulars of their security, the date when it was given, and the value at which it is assessed.

Dated this 18th day of February 1985.

By Order of the Board of Directors
P. F. MARSHALL
Company Secretary

IN THE MATTER OF THE COMPANIES ACT 1948 AND IN THE MATTER OF CREATIVE CARDS LIMITED APPERLEY CARDS LIMITED KINGSLEY CARDS LIMITED XMAS GALLERY LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 299 of the Companies Act 1948, that a General Meeting of the Members of the above companies will be held at 1 Wardrobe Place, Carter Lane, St. Paul's, London, EC4, on Thursday, 7 March, 1985, at the following times:

Creative Cards Limited	10.00 a.m.
Apperley Cards Limited	10.30 a.m.
Kingsley Cards Limited	11.00 a.m.
Xmas Gallery Limited	11.30 a.m.

to be followed by a General Meeting of the Creditors at the following times:

Creative Cards Limited	10.15 a.m.
Apperley Cards Limited	10.45 a.m.
Kingsley Cards Limited	11.15 a.m.
Xmas Gallery Limited	11.45 a.m.

for the purpose of receiving an account of the Liquidators' acts and dealings and of the conduct of the winding up to date.

Dated this 8 day of February, 1985.

A. J. ARMITAGE.
B. MILLS,
Joint Liquidators.

BRADBURY CONSTRUCTION LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act 1948 that a meeting of the Creditors of the above-named Company will be held at 68 Queen Street, Sheffield S1 1WR, on Monday the 11th day of March 1985 at 11 o'clock in the forenoon, for the purpose of having a full statement of the position of the Company's affairs, together with a List of Creditors of the Company and the estimated amount of their claims, laid before them, and for the purpose, if thought fit, of nominating a Liquidator and of appointing a Committee of Inspection.

Notice is also given that, for the purpose of voting, Secured Creditors must (unless they surrender their security) lodge at 68 Queen Street, Sheffield S1 1WR before the Meeting a Statement giving particulars of their security, the date when it was given, and the value at which it is assessed.

Dated this 18th day of February 1985.

By Order of the Board of Directors
P. F. MARSHALL
Company Secretary

BRADBURY DECORATORS (YORK) LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act 1948 that a meeting of the Creditors of the above-named Company will be held at 68 Queen Street, Sheffield S1 1WR, on Monday the 11th day of March 1985 at 11 o'clock in the forenoon, for the purpose of having a full statement of the position of the Company's affairs, together with a List of Creditors of the Company and the estimated amount of their claims, laid before them, and for the purpose, if thought fit, of nominating a Liquidator and of appointing a Committee of Inspection.

Notice is also given that, for the purpose of voting, Secured Creditors must (unless they surrender their security) lodge at 68 Queen Street, Sheffield S1 1WR before the Meeting a Statement giving particulars of their security, the date when it was given, and the value at which it is assessed.

Dated this 18th day of February 1985.

By Order of the Board of Directors
P. F. MARSHALL
Company Secretary

BRADBURY BUILDING AND DECORATING SERVICES LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act 1948 that a meeting of the Creditors of the above-named Company will be held at 68 Queen Street, Sheffield S1 1WR, on Monday the 11th day of March 1985 at 11 o'clock in the forenoon, for the purpose of having a full statement of the position of the Company's affairs, together with a List of Creditors of the Company and the estimated amount of their claims, laid before them, and for the purpose, if thought fit, of nominating a Liquidator and of appointing a Committee of Inspection.

Notice is also given that, for the purpose of voting, Secured Creditors must (unless they surrender their security) lodge at 68 Queen Street, Sheffield S1 1WR before the Meeting a Statement giving particulars of their security, the date when it was given, and the value at which it is assessed.

Dated this 18th day of February 1985.

By Order of the Board of Directors
P. F. MARSHALL
Company Secretary

IN THE MATTER OF THE COMPANIES ACT 1948 TO 1981 AND IN THE MATTER OF TAILMAST LIMITED
Registered Office: 218 Strand, London WC2R 1DG

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act, 1948, that a Meeting of the Creditors of the above named Company will be held for the purpose mentioned in Section 294 at 218 Strand, London WC2R 1DG on Tuesday, 12th March 1985 at 11.00 a.m. et seq of the said Act.

Dated this 13th day of February 1985.

By Order of the Board
N. P. JENNEY, Director

IN THE MATTER OF THE COMPANIES ACT 1948 AND IN THE MATTER OF TAMBORFINE LIMITED t/a TISBURY RESOURCES (In Voluntary Liquidation)

NOTICE IS HEREBY GIVEN pursuant to Section 299 of the Companies Act 1948 that a General Meeting of the Members of the above named Company will be held at 1 Wardrobe Place, Carter Lane, London EC4V 5AJ on Thursday, 14th March 1985 at 10.00 a.m. to be followed at 10.15 a.m. by a General Meeting of the Creditors for the purpose of receiving an account of the Liquidators' Acts and Dealings and of the conduct of the Winding up to date.

Dated this 15th day of February, 1985.

V. G. MITCHELL
B. MILLS
Joint Liquidators

THE COMPANIES ACTS 1948 TO 1976 THE TINOMAY PRESS LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at Connaught Rooms, Great Queen Street, London, WC2, on Tuesday the 5th day of March 1985, at 12 noon, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 11th day of February 1985.

By Order of the Board,
G. SALT,
Director.

Company Notices

BRAZILIAN EQUITY HOLDINGS S.A.

NOTICE OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

An extraordinary general meeting of shareholders will be held at 15 rue Aldringen on 4 March, 1985 at 9.00 a.m. to deliberate on the following Agenda:

1. Amend the Articles of Incorporation.
2. Additional appointments to the Board of Directors
3. Approval of an extension of the investment advisory agreement by and between the Company (and/or any wholly-owned subsidiary as aforesaid) and Brazil Capital Services Limited until 31 December, 1990.

The shareholders are advised that, in respect of item 1 of the agenda, a quorum of fifty per cent of the shares outstanding is required and that decisions must be taken by a two-thirds majority of the shares represented at the meeting.

With respect to items 2 and 3 of the agenda, no quorum is required and decisions will be taken by the majority of the shares represented at the meeting with the restriction that no shareholder either by himself or by proxy can vote for a number of shares in excess of one-fifth of the shares issued or two-fifths of the shares present or represented at the meeting.

In order to take part in the meeting, the owners of bearer shares are required to deposit their shares three business days before the meeting at the registered office of the Company or with Banque Generale du Luxembourg S.A., 27 Avenue Monterey, Luxembourg.

Bearer or registered shareholders should lodge their proxies with the Company three business days before the meeting.

Copies of the New Articles of Incorporation are available for inspection at City Financial Administration Ltd., Regis House, King William Street, London EC4R 9AR, or may be purchased by mail at a cost of £2.

BY ORDER OF THE BOARD

SWEDISH STATE HOLDING COMPANY

(STATSFORETAG AKTIEBOLAG) 20,000,000 EUROPEAN UNITS OF ACCOUNT 9¼% 1975/1985

As a result of the extraordinary general meeting held in Sweden on December 3, 1984, the name of the issuer has been changed from Statsföretag AB to Procordia Aktiebolag.

The Bonds will neither be stamped nor be exchanged for new Bonds.

The Bonds will remain listed on the Luxembourg Stock Exchange under the previous name Statsföretag AB followed by the new name Procordia Aktiebolag.

Any subsequent notice to holders of the Bonds will bear the previous as well as the present corporate name.

A complementary legal notice as well as the amended Articles of Association have been lodged in Luxembourg at the Greffe du Tribunal d'Arrondissement de et à Luxembourg.

The Fiscal Agent
KREDIETBANK
S.A. LUXEMBOURGEOISE

URQUIJO INTERNATIONAL N.V.

U.S.$30 MILLION FLOATING RATE NOTES DUE MARCH, 1986

We inform the Bondholders, that in accordance with the provisions of the above Notes, Urquijo International N.V. has elected to redeem all of its outstanding Notes above, on March 25, 1985, at a redemption price of 100%.

Interest on the Bonds will cease to accrue on March 25, 1985.

The Bonds will be reimbursed, Coupon No. 13 and following attached according to the modalities of payment on the reverse of the Bonds.

The Principal Paying Agent
SOCIETE GENERALE
ALSACIENNE DE BANQUE
15, Avenue Emile Reuter
Luxembourg

UNLESS WE CAN MAKE A TEAM, WE'D RATHER NOT MAKE THE INVESTMENT.

Too often, no sooner has an investment company completed a deal, than it's good luck.

And goodbye.

But our attitude is just the opposite. We want to contribute to your success for years to come. For this reason, our financial brains must also be business experts. It is a policy which works.

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INVESTORS IN INDUSTRY GROUP plc, 91 WATERLOO ROAD, LONDON SE1 8XP. TEL: 01-928 7822; PARIS. TEL: 704 3150; BOSTON, MA. TEL: 617 542 8560; NEWPORT BEACH, CA. TEL: 714 720 1421.

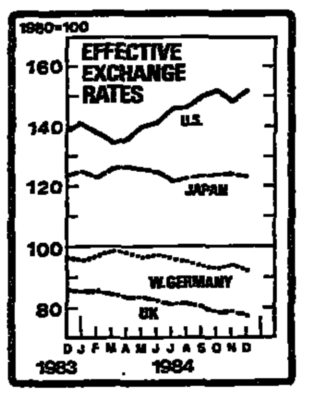
NATIONAL INSTITUTE REVIEW

Dollar depreciation of 20% assumed

THE institute is assuming a depreciation of the dollar of about 20 per cent in the second half of this year. It says this is likely because of the continuing rise of the U.S. deficit on its current account of the balance of payments.

The institute says the capital inflow to the U.S. needed to balance the current account deficit results largely from the fact that U.S. banks are no longer investing abroad. For this reason it does not think a sudden collapse of the dollar is likely although it says: "The possibility can certainly not be excluded." It expects a gradual erosion of the dollar's value by the end of 1986.

In general terms it says 1984 was a much better year for the world economy than most observers, including itself, had expected.



The economies of industrialised countries grew by 4½ to 5 per cent with world trade rising by more than 9 per cent in volume terms. This was the largest rise for at least eight years and much more than generally expected.

At the same time the institute says developing countries probably achieved a growth rate of about 3½ per cent, easily their highest since 1979.

However, in Europe cautious fiscal policies are expected to continue to restrict economic growth to about 2½ per cent this year and next, with a general slackening of growth among industrialised countries as a whole to about 3 to 3½ per cent this year and about 2½ per cent in 1986.

Pit peace is key to forecast of 3% economic growth

THE UK economy will grow by about 3 per cent next year, but about one-third of this rise depends on bringing the coal strike to an end in the next month or so, the National Institute of Economic and Social Research says in its latest review yesterday.

The institute predicts that *inflation will rise to about 6½* per cent by the end of this year, and will stay about the same in 1986. Unemployment is predicted to continue its steady rise, reaching 3.4m (adults) by the end of next year.

The growth of the economy is likely to falter in 1986 when activity will increase by only about 1 per cent, the institute says.

In its assessment, the institute *comments*: "The *conflict* between low inflation and high employment appears more acute than ever. Some transitional rise in unemployment was probably accepted as an unfortunate, but unavoidable, side-effect of the policy against inflation.

"However, it cannot have been expected that the process of disinflation would be so long drawn out and that unemployment would rise so high."

The institute says that the better performance of the U.S. economy owes a lot to the strategy of running an easy fiscal policy with a tight monetary policy—the opposite to the strategy pursued in the UK.

THE INSTITUTE says that more than 22m days were lost last year as a result of the miners' strike, which was the highest number in any *industry since 1926*. Even though there were no major disputes in other industries, the number of working days lost in the economy was the second highest since the war, after 1979.

It estimates that the total effect of the strike would be to reduce national output by about £2.5bn in 1980 prices, the equivalent of about 1 per cent of total output.

The effects of the strike are estimated to have reduced Britain's trade surplus by about £2bn last year, with imports of oil £1bn higher than they would have been, and *exports of* oil reduced by £600m.

The effect on the public sector borrowing requirement is estimated at about £2bn.

NATIONAL INSTITUTE FORECASTS
(Percentage change year on year unless otherwise stated)

	1984		1985		1986	
GDP (output)	2.1	(2.0)	2.8	(3.3)	0.9	(1.4)
Consumer spending	2.1	(1.6)	2.6	(1.6)	0.9	(1.4)
Exports	7.7	(5.2)	5.4	(5.1)	4.6	(4.0)
Imports	*8.9*	*(7.2)*	*4.5*	*(3.6)*	*3.0*	*(2.1)*
Fixed investment	5.6	(7.7)	0.1	(3.2)	−1.0	(−0.9)
Retail prices (fourth quarter)	4.8	(5.0)	6.5	(6.5)	6.5	(6.0)
Unemployment (adults, m, fourth quarter)	3.1	(3.1)	3.2	(3.2)	3.4	(3.4)
Balance of payments current account (£bn)	0.2	(−0.4)	0.7	(−0.7)	1.4	(−1.1)
PSBR (£bn) financial year	*9.0*	*(8.6)*	*9.6*	*(8.3)*	*8.5*	*(8.6)*
Exchange rate (Trade weighted, 1975=100)	78.7	(78.7)	69.5	(71.6)	66.2	(67.5)

Figures in parentheses from November forecast.

GROWTH OF GDP IN OECD COUNTRIES
(Percentage rise in volume, annual rate)

	U.S.	Canada	Japan	France	Germany	Italy	UK	Total	Western Europe
1984 (estimate)	6.8	4.8	5.5	1.9	2.6	2.9	2.1	4.7	2.4
1985 (forecast)	3.5	2.5	5.0	1.8	2.8	2.8	2.8	3.2	2.5
1986 (forecast)	2.5	2.3	4.3	2.0	2.8	2.5	0.9	2.6	2.2

It says that the Government appeared to have countenanced a substantial fall in the sterling exchange rate last year in the interest of running a somewhat looser policy.

But, it adds: "Now interest rates have been raised to counter the fall. This is a serious setback for the strategy and confirms our view that the wrong balance between fiscal and monetary policy has been struck."

The institute's forecast suggests that Mr Nigel Lawson, the Chancellor, will have little room for tax cuts in his Budget on March 19, and might indeed have to increase taxes if he wished to hit the borrowing target *suggested in the last* Budget.

The institute says, however, that a much preferable course would be to follow the U.S. example of loosening fiscal policy by cutting taxes or increasing public spending.

In its detailed commentary on the British economy, *the* institute says that exports were slow to respond to the expansion of world trade which started in 1983. However, they rose by about 8½ per cent last year in spite of the miners' strike which increased imports of oil and coal.

It warns, however, that last year, British costs per unit of output appear to have been increasing relatively fast, largely because of *high* growth in average earnings.

Moreover, it points out that imports have grown even faster than exports, with a rise in total imports of 9½ per cent last year, almost three times the rate of increase of domestic demand. Imports of manufactured goods rose by 9 per cent, spread over a range of different goods.

The institute says a rise of imports would not matter if it were matched by increasing exports, as was the case broadly between 1970 and 1980. However, it says that since then imports of manufactured goods have tended to rise faster than exports.

GROWTH OF GDP IN SMALLER *OECD COUNTRIES*
Percentage rise in volume, annual rate

	1984 estimate	1985 forecast
Australia	6¼	2¼
Austria	2¾	3
Belgium	1½	1½
Denmark	3½	2½
Finland	4¼	4½
Greece	2¼	2½
Irish Republic	3½	3½
Netherlands	1½	1½
Norway	3½	1½
Spain	2¼	2¼
Sweden	3½	2¼
Switzerland	2½	2¼
Turkey	5¼	5

It says that the recent rise in interest rates will be likely to slow the growth rate of the British economy, but will not halt it, partly because much of the expected increase in demand this year consists of exports, *which have* become more competitive as a result of sterling's recent fall.

National Institute Economic Review, Number 111, February 1985. Annual Subscriptions £30 (UK), £40 (abroad). Single issues for 1984 £8.50 (UK), £12 (abroad). 2 Dean Trench Street, Smith Square, London SW1P 3HE.

W. German shopfloor skill levels 'superior'

THE CENTRAL reason for the wide productivity gap between British and West German shopfloor workers is found in a lack of skills and training in British manufacturing companies rather than in a shortage of modern machinery, the institute says.

A study of a number of comparable companies *in both countries* producing simple metal products such as coil springs suggests that West German output per employee is on average more than 50 per cent higher than in Britain.

Comparison of the production processes in the different companies, however, found no indication that British companies were suffering greatly because the machinery they used *was out of date*.

The West German companies did tend to employ more technically sophisticated machines and had extended the automation process further than their British counterparts.

But the study indicated that the main reason for their better performance was the much higher standard of technical expertise among shopfloor workers in West Germany.

The study highlights in particular the differences at foreman level, with the West German companies insisting on a much *higher level of* technical and supervisory skills.

It also suggests that unskilled workers in West Germany are *expected to work* to higher standards and have greater competence in operating machinery.

The institute says that among the companies *surveyed, more* than 50 per cent of shopfloor workers in West Germany were trained to craftsman standard *compared with only* 25 per cent in Britain.

This higher level of skills was translated into greater efficiency in many ways.

Maintenance of machinery among West German companies was vastly superior, cutting production losses through breakdowns, machines tended to be used to their full technical capacity and those breakdowns which did occur were more quickly remedied.

The main focus of the institute's work was on the shopfloor, but it also highlights the greater engineering skills found among management in the West German companies which may have encouraged them to opt for more sophisticated production processes.

The institute concludes that the results of the survey suggest that government subsidies aimed at encouraging companies to update their technology might be better spent on increased training facilities.

However, the broad implication of the study is that more resources should be directed towards improving the skills of the vast bulk of the British workforce and reversing the current trend towards fewer opportunities for craft and technical training in the engineering industry.

Growth in employment 'constrained' by natural level of demand

THE STEEP rise of unemployment since 1979 is mainly due *to a lack of overall demand in* the economy, according to a study in the review by Professors Richard Layard and Steve Nickell.

They do not believe, however, that it is open to the Government to make employment *grow without limit by "pumping up demand."*

This is because they believe there is a natural level of de*mand in the economy, above* which inflation will start to accelerate.

This inflationary constraint is *related to the non-accelerating* inflation rate of unemployment, sometimes called the natural unemployment rate, which *represents the minimum proportion* of the workforce which must be unemployed to prevent inflation from accelerating.

In their study, Prof Layard, head of the Centre for Labour Economics at the London School of Economics, and Prof Nickell, *director of the Institute of* Economics and Statistics at Oxford University, say they are trying to cut through the "fruitless debate" about whether unemployment can be relation to demand.

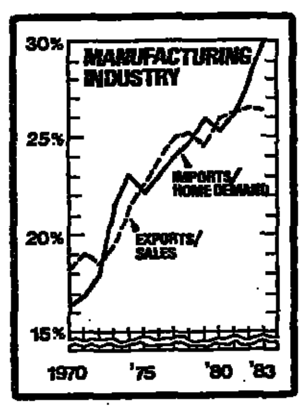
The authors conclude that *the "natural" rate of unem*ployment has risen from about 2 per cent of the working population in the decade 1955-66 to about 11 per cent *(about 2.5m)* in the period 1980-83.

Reports by Max Wilkinson
and Philip Stephens

explained by Keynesian or classical theories.

Much of this debate, they say, is *founded on the assumption* that prices are set by a process of perfect competition. Their work is based on the idea that companies set price levels at the "best they can think of" in

The reduction of inflation in recent years can be explained by the fact that actual unemployment has been higher than the "natural rate." Similarly, the increase in inflation between 1967 and 1974 can be explained by the fact that actual unemployment was somewhat below the natural rate, which is estimated to be 4 per cent for the period.



ESTIMATES OF THE "NATURAL" RATE OF UNEMPLOYMENT
(MALES ONLY)
Percentage of workforce

	1955-66	1967-74	1975-79	1980-83
"Natural" unemployment rate	1.96	4.12	7.80	10.72
Actual unemployment rate	1.96	3.78	6.79	13.79

Between 1975 and 1979 wage inflation came down, even though unemployment was below the estimated natural rate for the period. The authors suggest that this may have been the result of incomes policies in force at the time.

They look at 15 possible explanations for the steady rise in the natural rate of unemployment during the last 30 years.

Their research suggests that many of the factors often thought to have caused high unemployment had comparatively little influence.

They find little evidence that employment protection laws or the economic shocks, including oil price rises, have had a *significant effect. They dismiss* the idea that the advance of technology has had much effect and they see little relationship *between levels of direct* taxation and unemployment.

They think the relationship between inflation and high *nominal* interest rates and employment could be important, although the evidence is "somewhat tentative."

They are also sceptical whether slower rates of increase in productivity have influenced unemployment, though they *think this is possible.*

However, they find that increased social security benefit did contribute to the rise of *unemployment, perhaps* by about 0.4 percentage points (about 90,000).

They think that easier access to social security and changed attitudes to "living off the state" may have had a more significant effect.

They also find evidence that high unemployment breeds unemployment because people become used to being unemployed and may lose skills.

The professors say that any factor which reduced the amount of consumption to which workers were "warranted" *by the state of the* economy, might lead to a rise in unemployment, if wages, in fact, continued to rise.

They say that the rise in net import prices after the first oil shock in 1973-74 was just such a factor. They believe that *higher and rapidly increasing* import prices in the late 1970s pushed unemployment up by 1 percentage point more than it would *otherwise* have been.

But they add: "Since then however, the relative price of Britain's exports has fallen, *which has* tended to reduce unemployment."

On the subject of incomes policies, they say: "It is clear from *our analysis* that the process of real wage determination is the key to understanding the long run movements in unem*ployment.*"

They add: "Typically, incomes policies have been thought of as attempts to reduce inflation at given unemployment levels. They should rather be thought of as ways of attempting to reduce the natural rate of unemployment."

No incomes policy has lasted long enough to show whether this is feasible on a long term basis, they say.

FT COMMERCIAL LAW REPORTS

Stamp duty payable on portfolio switch

ARBUTHNOT FINANCIAL SERVICES LTD v COMMISSIONERS OF INLAND REVENUE
Chancery Division: Mr Justice Walton: February 14 1985

SEPARATE PORTFOLIOS coming within the ambit of a general unit trust scheme each represent a single unit trust scheme; and the conversion of units from one portfolio to another is a "transfer" subject to stamp duty, in that the holder surrenders his original units to the managers for a consideration before he acquires the new ones.

Mr Justice Walton so held when dismissing an appeal by Arbuthnot Financial Services Ltd from an assessment to stamp duty made by the *Commissioners* of Inland Revenue, in respect of the conversion of units from one portfolio to another within the same general unit trust scheme.

Part VII of the Finance Act 1946 by section 57(3) provides: "Where a person . . . requires the . . . managers under a unit trust scheme to treat him as no longer interested in a unit under the scheme and does not . . . require them to treat another person as entitled to that unit, he shall be deemed for the purposes of this Part of this Act to transfer that unit to the managers, and any instrument whereby he gives the authority *or makes the requirement* shall be deemed for the purposes of the enactments relating to stamp duty to be a conveyance or transfer of the unit on sale."

* * *

HIS LORDSHIP said that Arbuthnot were managers under a trust deed, and Williams & Glyn's were the trustees.

The trust deed established a unit trust scheme with a number of separate portfolios with investments in the UK, U.S., *Japan, Singapore* and *Malaysia*, Canada, Australia, Hong Kong and a deposit fund.

Any person who invested in the Arbuthnot Portfolio Trust obtained a *certificate as to the* number of units he held in a particular portfolio, and from time to time he received a distribution of income from investments comprised in that portfolio.

If he wished to realise his investment, he could surrender his interest in the portfolio to the managers, who would pay him the value of his units. They then might regard the units as available for re-issue to some*body else, or might* cancel them.

The holder of units in one portfolio could elect to convert the whole or part of them into units of another portfolio.

In the present case Intercom Securities held 980.39 units in the Japanese fund, for which it *had paid £500. It wished* to transfer the units into the UK portfolio.

The managers worked out according to formula that the Japanese units, at 45.3p per unit, were worth £444.11. That, at 47p per unit, produced 944.91 units in the UK fund.

As a consequence, the Commissioners of Inland Revenue demanded stamp duty pursuant to section 57(3) of the Finance Act 1946.

The facts gave rise to two questions: first, whether the general scheme of the trust deed constituted a single scheme, or whether it constituted as many unit trust schemes as there were portfolios; and secondly whether, irrespective of the answer to that question, *the actual conversion* which took place fell within the scope of section 57 (3).

Mr Langan, for Arbuthnot, said that subsection (3) should be read with subsection (2). Read together, he said, the two subsections covered cases in which, at the end of the day, the *former unit trust holder* was out of the particular unit trust altogether.

Subsection (2) provided that where the unit holder required *the managers* to treat another person as entitled to the unit, he should be deemed to transfer it by conveyance or scale. So, under subsection (2) the unit passed to a third party and under subsection (3) it was transferred or surrendered to the managers.

Mr Langan argued that subsection (3) did not fit the facts of the present case because at the end of the day Intercom having held Japanese units, held UK units. They were units under the same unit trust scheme and therefore, he said, Intercom could not be treated as "no longer interested in a unit under the scheme" within the meaning of subsection (3).

The two subsections were not *necessarily dependent one on* the other; nor were they intended between them to provide the kind of pattern for which Mr Langan argued. Construction of subsection (3) was not inhibited in any way by whatever might be *found* in subsection (2).

It was clear from the opening words of subsection (3) that it referred to a number of units which, in virtually every case, would be represented by a certificate *for* those particular units.

Intercom, as holder of Japanese units, was saying to the managers "here are our existing units in the Japanese fund—please take those away and give us some units in the UK fund." It was requiring the managers to treat it as no longer interested in the 980.39 Japanese units, and did not authorise or require the managers to treat *another person as entitled to* those particular units.

The first part of subsection (3) was therefore satisfied, and that being so, Intercom was deemed, for the purposes of Part VII of the Finance Act 1946, to transfer the units to the managers. Any instrument whereby Intercom gave the authority or made the requirement was to be "deemed for the purpose of . . . the enactments relating to stamp duty to be a conveyance or transfer of the unit on sale."

So, for stamp duty purposes, the matter was to be regarded as a transfer of the units to the managers, and as a conveyance *or transfer on sale. The con*sideration was the £444.11.

The other point was whether the trust deed constituted just one unit trust scheme, or several.

A unit trust scheme for the purpose of section 57, as defined in subsection (1), was "any arrangement for the purpose . . . of providing . . . facilities for the participation . . . in any profits or income arising from . . . property."

The question was, what property was held for holders of units attached to the Japanese portfolio, for the purpose of *enabling them to participate in* profits or income?

The property so held was the Japanese portfolio, and it followed that in relation to that portfolio there was a unit trust scheme.

One must then ask whether there was any person, other than *holders of units* attached to the Japanese portfolio, who was entitled to participate in profits or income arising from that portfolio.

The answer was in the negative. Those who held units in a particular portfolio were the only people who were interested and who, *as beneficiaries* under a trust, shared in the profits and income arising from investments appropriated to that portfolio.

There were provisions in the trust deed whereby managers might ensure that a burden which should properly be borne by one portfolio should not be borne by another. That *emphasised* that the portfolios were separate and were held for the exclusive benefit of the people who held units in them. It was *strengthened by* the fact that the trust deed made it clear that any borrowing should be for the benefit of a particular portfolio.

Far from being one scheme, the trust deed embraced as many unit trust schemes at any time as there were portfolios. The trustee stood possessed of the fund as a single common fund on trust for the holders, but the scheme was not a single unit trust scheme.

The case for the Inland *Revenue was correct.* The appeal was dismissed.

For the Revenue: Christopher McCall (Solicitor, Inland Revenue).

For Arbuthnot: Peter Langan QC (Bischoff and Co.).

By Rachel Davies
Barrister

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Britsat in deal over satellite television

By Raymond Snoddy

A BRITISH company offering U.S. satellite technology seems set to embarrass the UK Government in its attempt to launch a direct broadcasting by satellite (DBS) project.

The company, Britsat, has put together a deal using existing U.S. technology from RCA, which it claims is much cheaper than anything yet offered by the UK satellite industry.

Britsat is offering the DBS consortium – the BBC, the ITV (independent television) companies and five non-broadcasting organisations led by Thorn EMI – a two-satellite system capable of broadcasting 10 channels of programmes for £38.5m a year.

The price, which includes 10 back-up transponders, drops to £30m a year if the second satellite is built but not launched until the third year of the project.

United Satellites (Unisat) – a British Aerospace, British Telecom, GEC-Marconi consortium put together by the Government – at first quoted a price of more than £79m a year for a three-channel, three-satellite system. Britsat satellites have a design life of 12 years – Unisat's have eight.

The Unisat price has now been reduced, but to try to cut it to £40m a year – the sum at which the project might be commercially viable – the consortium is being forced to look at the possibility of a single satellite with a partially completed payload on the ground.

Many in the industry believe that banks will be reluctant to finance a project based on a single satellite. There are also question marks over whether the electronics industry will be prepared to invest in the production of home-receiving equipment for a service vulnerable to a long interruption in the event of satellite failure.

For the past 18 months, Britsat, whose managing director is Mr John Anderson, a former Department of Industry civil servant, has been on the sidelines.

The Government has made it clear that the DBS consortium would use Unisat as its satellite provider. The consortium has asked for the right to go to international tender. But the Department of Trade and Industry (DTI) is so far opposing this and insisting that the consortium deals with Unisat.

Britsat believes that its project may soon be seen as the only way forward for any British DBS project.

A large commercial bank with experience of financing international satellite projects has confirmed to the Financial Times that it believes it can raise the £200m-£300m project finance needed for the Britsat operation.

The bank, which does not wish to be named at this stage, says it also has the backing of one of the four big British clearing banks. The commercial bank says it has validated all Britsat's commercial and technological specifications and believes that DBS could be commercially viable in the UK.

A draft contract has already been drawn up between Britsat and RCA. Britsat claims that a DBS launch is still possible in the autumn of 1987 if decisions are taken within the next few months.

The draft is for a fixed-price contract which includes draconian penalties if the project slips six months behind schedule for any reason.

Britsat, which has been largely discounted in the past for political reasons, believes it can put together a package which could attract the Government.

Because of the shortage of time, the first satellite would come entirely from RCA. As much British content as possible would be included in the second satellite. A third satellite – to make the system operational for 16 years – might be built entirely in the UK.

Britsat argues that at least 20,000 jobs could be created on the ground by DBS, largely in the manufacture and fitting of the small-dish aerials in people's homes to receive the pictures from space. This compares with only about 400 in the actual construction of the satellites.

City financial alliance would slug it out with the giants

David Lascelles examines S.G. Warburg's plan to form a £350m conglomerate in the City of London and asks: Will it be a wonder machine of the 21st century or the greatest botch-up?

THE REVOLUTION in the City of London has spawned more than 12 big alliances between banks and stock exchange firms, but few have attracted quite the attention – or are as complex – as S.G. Warburg's.

Yesterday's announcements outline the shape of the £350m conglomerate which the merchant bank is trying to hammer together with its three partners to form what Mr David Scholey, the chairman, claims will be a world class international financial group.

While the plans for Mercury International Group (MIG) should lay to rest rumours that the alliance was in trouble and that Mr Scholey had got bogged down with it all, the deal has raised questions affecting all the City mergers, such as how to marry up bankers, brokers and jobbers, and contain the conflicts of interest inherent in such multi-faceted groups.

As far as Warburg itself is concerned, is one of Britain's leading financial engineers building the wonder machine of the 21st century? Or is it, ironically, about to inflict its greatest botch-up on itself? The weak performance of shares in Warburg's parent company points to some doubts on that score, although to be fair other merchant bank stocks have not performed brilliantly for similar reasons.

Warburgs has maintained all along that a top merchant bank can succeed in today's huge, interconnected financial markets only by pitching itself right at the centre of them.

In Akroyd & Smithers, it has secured one of the biggest UK market-makers in equities and government stocks, which means MIG will become a dominant figure on the stock exchange. Rowe & Pitman is a leading broker with expertise in corporate finance which should complement Warburg's merchant banking business and give the group a good outlet to institutional investors.

Less obvious was the need to include Mullens, the firm of the Government Broker whose traditional role will disappear with the reform of the market in government stocks (gilts) next year. Although there have been suggestions that Warburg was pressed to take Mullens on by the Bank of England, it does have a useful share of the gilt broking market and good contacts among foreign central banks.

Warburg's strategy is not unique: others such as Morgan Grenfell, Kleinworts, National Westminster and Barclays are trying to put together similar multiple alliances. None is as ambitious as MIG. All except Barclays are much smaller, and Barclays' resources are 10 times greater than Warburg's.

Many bankers expect to be able to achieve the same results as Warburg without going to the expense of buying a heavily capitalised jobbing firm, let alone two stockbrokers and, as one put it, "trying to stuff the whole lot into one big bag." Of the City's six or so largest merchant banks (which do not include Warburg) four have either bought a single broker or nothing at all.

Warburg, not surprisingly, denies that it is taking any unnecessary risks and claims it will not need extra capital to get the enterprise off the ground. Its resources consist of some £246m disclosed last year, plus hidden reserves of possibly, £50m and whatever profits it has retained since then. Charter Consolidated, the industrial conglomerate, will be investing £17m for a stake in the group.

Its actual capital needs will not become clear until the Bank of England sets the rules for the restyled gilt-edged market. Warburg intends to be a major player and may have to invest some £40m in a separately capitalised dealership and be ready to bear losses until the new market settles down.

Akroyd & Smithers already accounts for about 40–50 per cent of the turnover in the gilts market, and the challenge for Warburg will be to hang on to as much as possible when it is thrown open to all comers next year. Akroyd might account for 15–20 per cent of the enlarged market, but Rowe & Pitman and Mullens must have the capacity to distribute this volume to investors if the grand strategy is to work. At the moment, Mullens has about 10 per cent of gilts brokerage, Rowe & Pitman slightly less.

But if Warburg is taking a gamble, it is probably better qualified to measure market risks than most merchant banks. Apart from being more "punting-minded," as one observer put it, Warburg is already big in the Euromarkets where it is the only UK bank among the world's top 10. But its profits are likely to be more volatile than those of its more banking-orientated competitors, as the poor results at Akroyd last year portended.

Unlike Barclays, probably its biggest competitor, Warburg wants to bind its partners into a fully-owned, tight-knit group. People at Warburg insist that there is "surprisingly little" cultural conflict between bankers and brokers. They say the group's international dealership Rowak, launched last December, has been a good testing ground, but there are touchy problems to solve, such as pay scales.

While bankers get most of their remuneration as salaries, brokers rely heavily on bonuses. Warburgs wants to unify salary practices and may have to extend bonus payments to encourage everyone to identify with the fortunes of the group as a whole.

The prospect of working for a huge group does not appeal to everybody. Akroyd has lost some dealers who prefer life elsewhere. And Warburg itself, with double the staff, will have to work hard to stay light on its feet.

Tighter integration will also produce an intricate web of conflicting interest within the group, between for example the investment managers (who will command over £7.5bn in clients' money), the brokers and market-makers, and the corporate finance people.

Three groups are being created: merchant banking, securities and asset management. Traditional Chinese walls will be built to prevent information seeping from one section to another, and these will be patrolled by full-time "compliance officers," each equipped with coded locks and limited access lifts.

The securities group will also be in a separate building, and employees will be instructed to make clear to clients in which capacity they are acting.

MIG will also run the risk of "taint:" a loss of clients who find their rivals being represented elsewhere in the group. Warburg is resigned to this, though it has told clients it is willing to work with them as long as they want.

Bright future in industry seen for machine vision technology

BY LYNTON McLAIN

MACHINE vision would eventually prove to be relevant to most manufacturing and assembly processes, Mr George T. Rehfeldt, group vice-president for industrial special products at Cincinnati Milacron, said yesterday.

He told delegates to the second day of a Financial Times conference on automated manufacturing that machine vision was a typical example of an advanced technology that was "just beginning to really work on the factory floor."

It was a sensing technology that used visual data from television cameras to help inspection, identify parts or increase guidance or control in the manufacturing process.

Mr Rehfeldt forecast a 25 per cent compounded annual growth rate for the machine vision industry for the rest of the decade. Total machine vision equipment sales reached $80m last year.

More than 40 per cent of all kinds of inspection systems would have vision capabilities by 1992, he estimated. So far, 80 per cent of machine vision companies were in the U.S., and about 12 companies, out of the world total of 100, controlled most of the market.

"While technology keeps evolving more and more rapidly, we in industry are faced with the monumental task of applying practically and solving real manufacturing or assembly problems," he said. "Our most common mistake is underestimating how much work this requires."

He warned that a successful laboratory demonstration of new techniques probably meant one was only halfway there.

The burden of working out the application often rested with the manufacturing engineer and the plant manager. "Management, who probably insisted on buying the technology, usually is not very interested in knowing the mundane and tedious details of how it is going to take more time and money to make it work properly."

Mr Rehfeldt said the single most limiting factor in adapting new technology to manufacturing was to ignore the importance of applications engineering.

Mr John Devaney, managing director of Perkins Engines, described the £2.5m automated parts store at the company's diesel engine factory at Peterborough. "This is the first automatic distribution system of its kind in the UK."

The store had robotics, computer controls, eight unmanned automatic cranes and 14 automated guided vehicles. BT Rolatruc of Slough was the supplier. The scheme was the latest phase in a £50m programme at Perkins to improve efficiency and response time to customers.

Before the automated parts store, investment in materials storage and distribution at Perkins had been low, he said. "By 1981, as man-

FINANCIAL TIMES
Automated Manufacturing
CONFERENCE

ufacturing investment reduced our product costs, the lack of investment in materials storage and distribution meant that material handling was taking a growing proportion of operating costs." A study showed scope for large-scale improvements in material handing.

Mr Devaney said Perkins' fork-lift trucks and a computer material-control system previously picked up and put down a container on average 30 times in the four days' response time from material receipt to engine assembly. The response time had been cut from four days to 14 minutes in the automated store. Average material movements had been cut from 30 to four movements. Stocks had been cut by £1m, and the store's area had been cut by 30 per cent.

"We hope to improve on this as the dependability of the system will mean ordering of materials by the assembly area 'just in time' to meet orders," he said.

Previously over 400 people worked on the handling system, 7 per cent of Perkins' factory floor labour force at the time. Stores staff had been cut by a quarter and the people redeployed elsewhere in the factory.

"There was enormous scope for improvement. We wanted a system we could control, not one that controlled us," Mr Devaney said. "The sheer predictability of the system means that we now control it."

Mr Oldo Palmeri, managing director of Benetton, an Italian knitwear company with a turnover of nearly £300m a year, also spoke of the importance of automated warehouses – "the first brick in an automatic information system leading to computer integrated manufacturing."

The company had installed computer-aided design (CAD) systems to raise the use made of material from 60 per cent, when manual techniques were used, to 90 per cent with CAD, he said. The company was studying advanced automatic cutting. This would allow a central computer to control all cutting in the company's 250 medium and small workshops, wherever they were situated.

Management in industry was moving away from macro-structures, previously used for economies of scale, to micro-structures as the man on the shop floor became a "brain work operator," said Mr Sergio Sereni, vice-general director of Fata European Group, the Italian automated equipment company.

The shop-floor man was leaving his former status of manual worker. "Brain work acts as a flywheel of change in industry," he said. "Here, man wins back his original primary role, as more individual and free to express his own talents outside the constraints of bureaucracy."

The world economy now hinged on small to medium companies, but larger companies too had recognised that reorganisation into micro-structures was what paved the way to new competitiveness, he said.

Mr Sereni said all aspects of the manufacturing cycle – such as the raw materials warehouse, the manufacturing area, quality control and end-product warehouse – were linked by a materials handling flow system.

Of these, high bay storage and retrieval systems "still seem to belong to the past," he said. Evolution in these systems to improve performance was unlikely. Nevertheless, the warehouse must be seen as a cornerstone of a manufacturing process.

Court rejects claim over lost sea cargo

By Raymond Hughes, Law Courts Correspondent

SIX COMPANIES that owned a cargo of timber lost during a violent storm in the North Atlantic, have failed in a £27,720 claim against the shipowner.

The Admiralty Court dismissed their claim that Gorthens Rederi A/B, of Helsingborg, Sweden, owner of the bulk carrier Tilia Gorthon, was liable to pay damages for breach of the carriage contract.

The owner denied liability and argued that the loss resulted from a peril of the sea. Part of the timber, being carried as deck cargo, was washed overboard in very heavy seas during a Force 10 storm.

The cargo owners alleged that the vessel was unseaworthy because part of a defective deck cargo lashing broke.

The judge decided that any defect in the lashing was latent and could not have been discovered by any reasonable inspection.

The cargo owners were F. W. Aylott, Manchester Timber Importers (FWM), Parker Timber (Northern), Evans Bollhouse (Timber), May & Hassell and Owens Peck & Co

TV sponsorship rule relaxed

BY RAYMOND SNODDY

THE INDEPENDENT Broadcasting Authority (IBA) is to allow companies which provide funds for television programmes to use brand names in the acknowledgements on screen. At present, only corporate names can be used.

Mr John Whitney, director-general of the IBA, which controls UK commercial television and radio stations, told a television industry conference in Monte Carlo yesterday of the change. It is part of a revision of the rules governing television sponsorship. He said the present rules gave unfair advantage to corporations which shared the same name as their product.

The easing of the rules on brand names will not apply to cigarettes or any other products banned from advertising on television by the IBA.

The new IBA guidelines, despite growing interest in sponsorship, maintain the strict controls on sponsorship or co-financing of programmes by non-broadcasting organisations. Mr Whitney emphasised:

- Such programmes must be a factual portrayal of doings, happenings, places or things.
- Acknowledgements must be restricted to no more than "a suitable visual credit" at the beginning and end of the programme.
- Coverage of a sponsored event on television cannot be funded by a non-broadcaster.
- The content of the programme should not be directly related to the funder's commercial interest.

Mr Whitney also warned the advertising industry against advocating superficially attractive ideas of breaching independent television's advertising monopoly by seeking limited advertising on the BBC.

"Once the principle is breached, further demands would be made for more advertising time on the BBC to limit future increases in the licence fee," Mr Whitney warned.

"The advertising industry has always been supportive to the theme of public service broadcasting. It is a system that is envied in many parts of the world: let us not put it at risk."

INTERNATIONAL ENGINEERING

A fresh start outside the Acrow umbrella

By Gordon Cramb

THE DISMANTLING of Acrow, *the UK group of engineering* businesses toppled last September by the weight of its £50m debts, is by now all but complete. Priestman Brothers, the excavator maker sold by the receiver last week, was one of its largest subsidiaries and also one of the last to go.

The disposals have left in Acrow's place a range of individual companies which have shown a quick return to viability.

They exist, in fact, much as before, even with many of the *same people in charge.* Although a management buy-out succeeded in only one case the teams of managers elsewhere have generally been kept on by the new owners.

What has changed is that the businesses have been freed of Acrow's borrowings burden. With the drain of debt servicing demands removed, profits have rapidly reappeared. and the contentment level on *the part both of the managements* and the new parent companies runs high.

Mr Michael Jordan of accountants Cork Gully, whose task as Acrow receiver has occupied him almost constantly since September, acknowledges that sorting out *Acrow's complex* structure of overseas holdings will still take some time. With the bulk of the assets gone, he puts the amount so far raised at above the £50m level.

The figure does not allow for costs of the receivership work, but it has been bolstered by some £10m in trading receipts from the operations kept as going concerns while in his hands — one indication of how healthy they have proven as independent units.

"In point of fact, we have exceeded the figure at which I would have accepted an overall offer," *Mr Jordan* says.

Trafalgar House was sounded out in the early stages but decided against taking the whole group on, and a subsequent approach from Middle Eastern interests is understood to have made little progress. The piecemeal process, however laborious — at one point Cork *Gully had 100* people working on Acrow — appears to have paid off.

Since Mr Jordan took on the role of Acrow's corporate sales*man, he has acted with great* style, placing full-page advertisements in newspapers and embarking on an almost non-stop circuit of the Acrow businesses.

"The books were in good shape," he says, "and I could *have done it* all from my desk. But this way I think we have achieved better deals and we have managed to preserve a lot of the jobs."

Mr Jordan is optimistic that the banks will be repaid their £40m in full, although he adds *the cautionary rider that* "it does depend on those remaining realisations being achieved at the figures which we think they will be."

The period has not been without its casualties, all the same. Acrow's shareholders are not *expected* to receive *anything*, and many of the group's 3,000 or more jobs in the UK have been lost—new owners have rarely re-employed more than two-thirds of the previous workforce, and in a few cases only property or plant were taken on.

But, as this month's purchase of Priestman by the privately-owned Sanderson Forklifts of Skegness shows, hope exists *even for those divisions still* languishing on Mr Jordan's books. Of those remaining in the UK, the only one of any size is Bentall Simplex, and Mr Jordan continues to take prospective purchasers round the Maldon, Essex, site where *it produces its grain storage* silos.

Bentall has been kept occupied on a *large* Hungarian order placed soon before the patience *of* Acrow's bankers wore out. Priestman, based in Hull, has been ticking over with small-volume contract

ACROW'S FORMER UK DIVISIONS

Subsidiary	Location	Turnover £m (yr to Mar. 84)	Buyer
Coles Cranes	Sunderland	56	Grove Mfg.
Priestman Bros.	Hull	16	Sanderson
Thos. Storey	Stockport	12.5	Management
Acrow Engineers	Saffron Walden	12	HAT*†
Bentall Simplex	Maldon	10.5	—
Acrow Storage	*Harefield*	6.75	Sutton Est.
Adamson Containers	Stockport	5.6	Tiphook
Steel Eng'n'rng.	Sunderland	4	Wm. Baird
Crawley Refrig.	*Saffron Walden*	0.67	†

* Branch network only. † Site sold separately.

Source: Cork Gully

work building *earth compactors* for Coles Cranes, its former sister company which was one of the first Acrow operations to be snapped up.

Coles, the *biggest of the* Acrow units in turnover terms, went to Grove Manufacturing, of the U.S. Almost all the senior managers, who fought a courageous, if ultimately unsuccessful, battle to acquire Coles, have been re-employed in roughly the same jobs.

One management buyout which did go through, however, was at Thomas Storey, the Stockport-based builder of Bailey bridges. Mr John Hathrell, who as managing director led the consortium in the purchase, pronounces Storey "very healthily in the black—our cash *flow is far better than anything* we had anticipated."

Storey's marketing operations were moved last month from *Acrow's former headquarters in* Paddington, London to Weybridge, Surrey. Its customers have greeted Mr Hathrell with "tremendous support—all I had to do was get out and wave the flag a bit."

Excluded from the purchase was Storey's steel fabrication business, making products such as motorway gantries, where it faced stiff competition. But it is continuing to develop its traditional range of bridging systems, and has renewed its export links with some of Acrow's numerous overseas agencies and associates.

"We were choosy," Mr Hathrell says: "We went back only to those with which we had a good rapport. It was also a good opportunity to sever connections."

He and Candover Investments, the management buyout specialists which organised finance for the deal, intend to launch Storey on the stock market as soon as circumstances permit. "But we need some years of reasonably good *trading* figures behind us first," says Mr Hathrell. "and we're out to get them."

Some management changes have been instituted to tighten *cost control* at Adamson Containers of Stockport, bought by Mr Robert Montague's Tiphook Holdings. Exceptionally, though, the workforce is expected by next month to reach a record 240, against the 180 made redundant on receivership.

For Tiphook this is a first venture into container manufacture — until the November deal its involvement was confined to leasing out the ready-made steel-clad freight units which it bought under contract. Its association with Adamson was already of long standing.

All Adamson's production lines are now working at full strength, says Mr Montague. "It has an order book running beyond June, and that is not just building things for our own company."

Acrow Storage Equipment, the Harefield, Middlesex, maker of shelving and racking for warehouses — it supplies the bulk *of* Marks and Spencer's needs — was last month relaunched as Apex Storage Systems. It is already feeling tangible benefits of the change *in ownership.*

Mr Brian Walters, the managing director, points to a 30-year-old paint machine in his production line as an example of how Acrow businesses were starved of capital spending in the group's final years. The paint line is now scheduled to be replaced, and other key equipment has already been installed.

About £1½m in orders were lost during the two months in receivership, he says, but a steady flow has since resumed.

Like many of the businesses, it has been slow to renew links with *Acrow's* remaining overseas affiliates. The group at one time had a presence in 135 countries, and holdings of varying sizes still exist in companies carrying the Acrow name abroad but with tenuous operational links to the UK core.

Mr William de Vigier, who founded Acrow from a workshop under a *London* railway arch in 1936 and had been its chairman ever since, is believed still to hold substantial stakes in the autonomous associates such as Acrow Australia, which has the Coles franchise for that country. He declined, however, to be drawn about his intentions.

The rigid hold kept on Acrow by Mr de Vigier, 73, is identified by some as a sizeable factor in the group's decline. Through just 2½ per cent of its capital, he exercised voting control, and made room for an outside chief executive only in 1981.

By that stage the company had slid into loss and was labouring under the prevailing high *interest* rates — its debts were already running at some £40m.

The strategy had been to ride the recession by making a maintained market share the first priority. Even this could not be guaranteed: as one City analyst put it at the time, the market for Coles' products in particular "*simply* vanished."

So did profit margins all round, and when the volume-first approach began to be reversed, the benefits of disposals, reductions in product range, and some 4,000 job losses were slow to show through. Acrow's bankers grew increasingly restive and the prospects of joining the ranks of vioceless shareholders through taking an equity stake did not appeal. And so, the receiver was called in.

Even now, the process is by no means complete. Mr Jordan estimates that another two years' work lies ahead in unravelling the remaining strands of Acrow's disparate assets.

U.S. CONNECTION BENEFITS COLES CRANES

CONTINUITY AND change are both on the agenda at Coles Cranes, now trading under the name Renaud, a company set up by Grove Manufacturing, Coles' purchaser.

The retention of the management has ensured a continuation in the emphasis on engineering productivity and cost controls that became a feature of Coles during the past two years. "It's the *same management style,*" says Mr Ron Stafford, plant convener at Coles' Sunderland site.

Mr Duncan Wordsworth, *who was managing director* of the mobile crane maker, has been brought back in that role and has also been elevated to the presidency of *Grove's European operations.* Mr David Steel, a member of the family which purchased Coles 46 years ago, is European managing director for sales and marketing at Grove and Coles.

But some marginal *integration* of Coles and Grove has already taken root.

Coles is very cost-*competitive at the moment* because of sterling's value, and two of its models—the 12-tonne capacity Jumbo industrial crane and the much bigger 528 all-terrain vehicle were introduced to the U.S. market last month.

They are being sold through Grove's U.S. dealerships, and along with all Coles vehicles now sold in the U.S., will be retailed as Grove products.

Introducing some extra Coles models into the U.S. *reflects a belief within Grove* management at Sunderland that some of the Coles vehicles complement the Grove range. They suggest that more Sunderland-made vehicles might be introduced into North America.

The closure of Grove's Oxford assembly centre, due to be completed in April, is still being digested, along with the transfer of Grove's German spares operation to Sunderland.

One of the biggest tasks is *to put the operation on an* even keel, following the market uncertainty which hit Coles in the wake of Acrow's collapse.

Of the 1,100 people made redundant at Sunderland during the purchase negotiations, 800 have so far been the U.S., which has been the *subject of discussions on a* re-employed and Mr Stafford says that more are being taken on week by week.

Grove in the UK is still looking for orders, however. *The big Ministry of Defence* contract which went to Sunderland and for which Coles has just completed a batch of 89 vehicles will come *to an end by the beginning of* March.

The company has secured some new, though not large, orders in the past month, *including two from* Eastern Europe, and its management appears to be confident of improving sales across its range.

In the meantime, Grove in possible management buy-out from its parent, the Kidde group, is being run pretty much as a separate business *from the European operation.*

Nick Garnett

PHILLIPS 66

PHILLIPS PETROLEUM COMPANY

Special Meeting, Friday, February 22

VALUE VS. CONDITIONS

WE URGE YOU TO VOTE FOR PHILLIPS RECAPITALIZATION PLAN NOW.
PLEASE USE THE TOLL-FREE DATAGRAM PROCEDURE SET FORTH BELOW.

In casting your vote, consider these points:

The Phillips Recapitalization Plan **delivers hard value now:**

- $60 in debt securities for 38 percent of your shares ($22.80 of debt securities per share).
- $3.32 market value in a new preferred stock for each common share following recapitalization.
- $50 cash per common share in a self-tender offer for 20 million shares following recapitalization.
- Plus, you retain a substantial equity interest in Phillips, a strong, vital leader in the oil and gas industry.

Carl Icahn's deal **is loaded with conditions:**

- Icahn's first-step partial tender offer is burdened with special conditions, and he gives you no assurance that he will complete his offer.
- At the end of last week, Icahn—by his own admission—had "commitments" for only **a third** of the financing he needs to accomplish the **first** step of his proposal.
- The Icahn offer is being made by a corporation which has no money—in Icahn's own words, it has only "nominal assets."

Remember, if you do not execute your proxy, you are, in effect, voting against the Recapitalization.

If you need further information on voting, including instructions on voting by Toll-Free Datagram, call Phillips toll-free at (800) 431-2624.

You may also call D. F. King & Co., Inc. collect, at (212) 269-5550 in New York, (312) 236-5881 in Chicago, (415) 788-1119 in San Francisco, or (213) 215-3860 in Los Angeles.

TOLL-FREE DATAGRAM VOTING PROCEDURE

Phillips has established the following simple toll-free telephone procedure which, if you are a shareholder of record, you may use to vote your shares:

- **Call Western Union toll-free 1-800-257-4900 any time day or night. In Missouri, call 1-800-325-6000.**
- **Tell the Western Union operator to send a pre-paid Datagram to Phillips Petroleum Company, I.D. #F 7014.**
- **Read the following text of the proxy card:**

PHILLIPS PETROLEUM COMPANY
Bartlesville, Oklahoma 74004

Special Meeting of Stockholders To Be Held Friday, February 22, 1985.
This Proxy is Solicited by the Board of Directors.

The undersigned hereby appoints Wm. C. Douce, Melvin R. Laird and W. Clarke Wescoe, or any of them, with individual power of substitution, proxies to vote all shares of common stock of Phillips Petroleum Company which the undersigned may be entitled to vote at the special meeting of stockholders to be held in the Adams Building, 4th Street and Keeler Avenue, Bartlesville, Oklahoma, on February 22, 1985, at 10:00 A.M., CST, and at any and all adjournments and postponements thereof as indicated below.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE PROPOSAL.

☐ FOR ☐ AGAINST ☐ ABSTAIN

1. A proposal to approve a recapitalization as set forth in the Proxy Statement-Prospectus of Phillips Petroleum Company (the "Company") dated January 31, 1985, pursuant to which: (i) the Company's Certificate of Incorporation (the "Certificate") would be amended to reclassify each outstanding share of the Company's common stock, $1.25 par value (the "Common Shares"), into .62 of a Common Share, plus one share of a new class of exchangeable preferred stock, $1.00 par value, of the Company which will be exchanged immediately after issuance for debt securities of the Company; (ii) the Certificate would be amended to increase the number of authorized Common Shares from 200 million to 300 million and to authorize 200 million shares of preferred stock; (iii) the Certificate would be amended to provide for classification of the Board of Directors, elimination of the ability of stockholders to act by written consent and certain related matters; (iv) the current directors of the Company would be classified into three classes numbering six, five and five directors, respectively, with terms ending at the Company's Annual Meetings in 1985, 1986 and 1987, respectively; and (v) the Company would create an Employee Incentive Stock Ownership Plan (the "EISOP") and sell not more than 32 million Common Shares to the EISOP at the market price thereof.

2. In accordance with their best judgment upon all such other matters necessary in connection with the foregoing proposal as may properly come before the Special Meeting or any adjournment or postponement thereof.

This proxy will be voted in accordance with the specification made for the proposal. If no specification is made, this proxy will be voted FOR the proposal.

- **Tell the operator how you wish to vote your Phillips shares. Management recommends a vote "FOR" the proposed Recapitalization.**
- **Give the operator your name and address exactly as they appear on the proxy cards previously sent to you.**

NOTE: If your shares are registered in "street name" with a brokerage firm or bank, you may not vote your shares by the Datagram procedure. In this case, please telephone the party at the brokerage firm or bank responsible for your account and make arrangements to vote your shares immediately.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Brian Newbould (left) and Bill Duncan with the six misconceptions most prevalent in R and D

ICI swallows hard

David Fishlock explains why a consultants' report prompted a rethink of R and D in the group's pharmaceuticals division

"SCIENTISTS don't like change—we're out to change the world but only so long as nobody changes the patch we're in."

The speaker is a former *research scientist who is seeking* to change he course of one of Britain's biggest industrial research and development programmes. And change it, moreover, not in response to a financial crisis but while profits are healthy and expected to remain so.

Dr William Duncan believes he has involved his scientists so closely in self-scrutiny of their own efficiency that there will be a serious loss of credibility if top management—*which includes himself—should* reject the changes that will be proposed this spring. "Nobody was spared"—and that included himself, he says. "I have to admit it was not a pleasant experience."

But, whatever the outcome, Duncan believes that the exercise has already given the lie to six prevailing managerial conceptions about research and development (see illustration). "All are views I have heard throughout my career in industry. They are just not true."

As deputy chairman of ICI's pharmaceuticals division, *Duncan's responsibilities include a* research and development programme which will cost £108m this year, £15m more than in 1984. For comparison, the national medical science programme managed by the Medical Research Council will spend about £122m this year, only £5m more than last year. Sir Keith Joseph, Secretary for Science, *in refusing the MRC more* money, has urged it to look closely at its present portfolio and priorities—the efficiency with which it uses public funds.

Duncan, 55, left ICI as a young scientist, and returned in 1979 as deputy chairman, after 15 years with another drug company. By then he knew the dangers of having too many research targets—ideas for drugs—in a world of rapidly escalating R and D costs for drugs.

The industry accepts that bringing a single major drug innovation to the market now costs £65m-£100m. The research phase—discovering the new therapy—will absorb a quarter of the cost over eight to 10 years, and development to the point of product launch the *other three-quarters, over five* to seven years.

At this price an R and D portfolio which is too diversified can be a recipe for commercial disaster. The point is reflected in the rapid shifts in *the ranking of the innovative* pharmaceutical groups. Yet diversity of targets can also be seen as a direct consequence of employing innovative scientists with original ideas. ICI drugs R and D employs a total staff of over 2,500 worldwide.

Duncan sought to bring new discipline to the age-old problem of how to pick winners early enough and concentrate *the big spending on fewer* targets. ICI itself had been wrestling with the problem from the mid-1970s, under its research director, Dr Brian Newbould, whose yardstick for reform had been "those that *seemed technically more* exciting."

By the early-1980s, however, *it was clear* that there were still too many targets, says Duncan. Newbould's criterion of "technical excitement" was not proving selective enough. Another must be whether the target, if achieved, would fulfil a real market need. Would it earn enough to discount the R and D costs? It meant widening the whole review process beyond the research laboratories.

But in widening the review, *he knew he could confidently* expect to meet still more resistance to change. "Large organisations don't like change." As one of his research managers puts it, there was a real risk of the managers simply doing deals between themselves to block any dramatic change.

Two years ago, Duncan called in the Boston Consulting Group,—of which he had previous experience — with a brief to examine the R and D programme and its relevance to ICI drug business. It covered not only the research portfolio but communications between management and scientists. The consultants "talked to nearly everyone in the division" — from quite junior levels right up to Peter Cunliffe as chairman. It took them a year.

Duncan says he specified *from the start that he was not* asking the consultants to tell ICI what it ought to be doing. They had been brought in to discover just what was going on, as independent observers who would not be party to *private deals to prevent change.* The company would take its own decisions, based on the consultants' findings.

Last winter BCG presented them to the divisional board and senior managers and scientists. Duncan admits wryly that they were hard to take — they even attacked *things he himself had* instigated.

They also came up with novel ways of presenting ICI with an overview of its R and D portfolio. They showed, for example, how strong was the company's *existing scientific* challenge. He knew that, in commercial terms, this often meant high risk and low potential reward even if it was successful.

For the next stage, Duncan accepted the consultants' advice that he should set up a therapeutic area strategy committee (TASC) which would bring in the commercial side. TASC consists of the senior research and development managers, including the U.S. research manager, two senior *medical advisers, and two* commercial managers. It does not include either Duncan or Newbould, his research director, although he admits "it's been rather difficult to keep out of it."

TASC's task is to take the detailed BCG critique and draft a new R and D portfolio for *ethical drug products, with its* sights set firmly on where the company wants to be by the year 2000. It began work with "varying degrees of lack of enthusiasm," says Duncan.

What pleases him most is the shift from apathy among his research managers to a recognition of the advantages — for example, of scientists participating with other parts of the company in trying to formulate their targets.

As Dr Tom McKillop, one of the division's three research managers, sees this kind of *technological forecasting exer*cise, there is nothing new in companies like ICI trying to peer 10-20 years ahead in medical science. But in the past the scientists were often too optimistic about the pace of change. He cites predictions of 15 years past that by now organ transplants would be commonplace, whereas they are still making headlines.

"The decision isn't usually *should* we move in a particular direction but when, and with how much money," Dr McKillop says.

Dr Dudley Earl, another research manager, says TASC has looked critically at both *the advantages and the dis*advantages of concentrating more resources on fewer targets. He estimates that the number of targets have already been halved in the past five years, to about 30 at present.

Nevertheless, TASC has decided the balance of advantage favours a still smaller, more concentrated portfolio. It has *identified eleven broad* target areas where ICI has a scientifically strong position and perceives a substantial market within its 15-year timeframe.

One target area is drugs to treat specific cancers. The need is for much less dangerous drugs which "shrink the tumour faster than the patient," as one clinician says. From research in the early 1960s, ICI produced Nolvadex, a novel treatment for *breast cancer which since the* late 1970s has given the firm a reputation in cancer, McKillop says.

As a result of the new opportunities opening in endocrinology and molecular biology, ICI *research managers believe that* TASC may well recommend doubling R and D investment in cancer.

Another area for which funds could increase is cardiovascular disease. It already absorbs about 20 per cent of the budget and has built upon ICI innovation in the early 1960s with its *discovery of the beta-blockers.* One of the latest, at an advanced stage of trial, is Corwin, which has a built-in safety mechanism that prevents an ailing heart from being driven too hard. A broad target is to find *drugs to replace much of today's* surgery, such as coronary bypass operations.

The findings of the TASC force are filling a thick file in Duncan's desk. "What we've done is to make them reveal their hopes and fears." Management's job must now judge the scientists' claims — and their *ability to sell their ideas.*

As Duncan sees it, scientists — no less than artists in the Middle Ages — have always needed the support of patrons. But so generous has been the patronage of science in recent times, the scientist may have lost the art of selling himself.

Spaghetti and chips

Jason Crisp on the re-structuring of Acorn and its rescue by Olivetti

AFTER TWO weeks of intense and fraught negotiations which often stretched late into the night and through weekends, senior staff at Acorn Computers in Cambridge looked tired, but, under the circumstances, relieved, on Wednesday.

In the early hours of that morning they had signed a deal with Olivetti, the leading Italian computer and office equipment group, which rescued their troubled company.

During the past two weeks Acorn and its financial advisers have not only put together a major refinancing package which will raise £12.1m, but it has also rewritten its business plan thus involving significant changes in direction. And it is being completely reorganised into four new divisions.

Acorn's failure after six years' meteoric growth provides an important lesson for young high technology companies: the entrepreneurs which create them should be prepared to turn to professional managers before a crisis arrives.

Dr Alex Reid, a former senior *manager at British Telecom who* was appointed acting chief executive of Acorn three weeks ago as its crisis deepened, is full of praise for Chris Curry and Herman Hauser, the company's founders and major shareholders. But he acknowledges that in the end neither Curry nor Hauser had the right business experience to turn Acorn from a small fast-growing high technology group into a soundly based medium-sized company.

By January — after weak pre-Christmas sales and an abortive foray into the U.S. — Acorn could not pay its bills. It turned to Lazards, its merchant bank, which had brought the company to the Unlisted Securities Market less than 18 months previously, to find new finance.

While Acorn was still talking to Lazards the three key members of management — Reid, Hauser and Curry — were introduced to the little-known merchant bankers Close Brothers by a mutual friend, Philip Hughes of Logica.

"We were extremely impressed by Close Brothers' approach," says Reid. "They were very energetic, very creative and seemed very much *in tune with our desire to re*build the company. We decided we would make the switch and I rang Lazards and courteously thanked them for the work they had done for us in the past."

Reid emphasises that he had not been unhappy with Lazards. He seems decidedly less pleased at Cazenove's behaviour. Once it became clear that Acorn had replaced Lazards, Cazenove, the company's stockbrokers, resigned on the spot, says Reid. "I had *envisaged they might* have given us two or three weeks to find an alternative broker."

As soon as Acorn and Close Brothers started showing confidential information to potential rescuers the shares were suspended. By this time they had reached 28p compared with a one-time high of 193p.

At the same time as seeking outside finance the company drew up a new business plan.

ACORN COMPUTER

"It was a classic business school exercise," says Reid. "We *identified the key strengths and* identified the main danger areas to keep out of."

The four strengths identified were:

● technological expertise in its talented R and D personnel *together with the company's* close links with Cambridge University's Computer Labs;

● very strong position in the top slice of the UK home computer market. The BBC has by far the largest share of *machines in homes above £300;*

● dominant position in UK education and training with over 75 per cent of market;

● good presence in government and company R and D labs.

The danger areas were seen as the business personal computer market, dominated in this country by IBM and Applied Computer Techniques, and the bottom end of the home computer market.

Acorn was already at the heart of the price war which is raging in the home computer market; it knocked £70 off the *Electron and was on the verge* of entering the business computer market with its range of ABC machines. Acorn is to move away from the low end of the home computer market. It says it will not drop the *Electron but will produce more* sophisticated and expensive versions. Acorn will not now enter the business market directly.

The company is reorganising into four divisions which recognise its identified strengths.

1—Business. Using its technological skills, it will develop and engineer products for sale by other companies on an original equipment manufacturer basis. Olivetti would be *a leading candidate.*

2—Consumer. It will increasingly concentrate on the upper end of the market with new versions of the Electron and also the BBC and various peripheral devices.

3) Education and training. Acorn will safeguard and expand its strong position in this market with new machines and interactive video in the UK. Olivetti will help Acorn break into overseas markets.

4) Scientific and industrial. This will try to meet the specialist needs of R and D departments.

Each of the newly created divisions has a chief executive and will be run as separate profit centres. Acorn will retain a small central financial and legal function.

Chris Curry and Herman Hauser will no longer hold a controlling interest in the company and will have much less to do with its running. A new group managing director is to be appointed which will leave *Alex Reid free to return to his* other activities. Hauser and Curry will be deputy chairmen with responsibility for group strategy and external relations. In addition they will have line responsibilities within the business division.

These changes at Acorn partly resemble those made at Apple, the U.S. personal computer company which also ran into difficulties; John Sculley, professional manager from Pepsi, was *brought in as president and co*founders, Steve Jobs and Stephen Wozniak, accepted subsidiary roles. Acorn now has to prove that its reorganisation will work and that its acclaimed technical team can continue to produce innovative products which the market wants. The company will also have to learn to live with Olivetti.

Certainly one of Olivetti's attractions was its well established track record of investing in small and innovative high technology companies in the *U.S. and Europe. Olivetti had* shown it could have close links with such companies without driving away the talented and independent-minded staff which were their main assets.

TECHNOLOGY

EDITED BY ALAN CANE

RETAIL AUTOMATION PLANS AT W. H. SMITH

Shop fronts better sales information

BY ELAINE WILLIAMS

TO THE ordinary customer, the *W. H. Smith and Son store in* Portsmouth's Commercial Road is no different from the other 360 branches around the country. Portsmouth is, however, the guinea pig for an electronic point of sale system *which is set to change the* organisation of W. H. Smith's business.

Electronic point of sale (Epos) is the use of electronic tills linked to small computers in the store which gather sales data. At the end of each day each store computer transmits its sales details to a large computer system at head office.

The hope is to provide better management information at all levels. Store managers have a more accurate picture of stock movements and can order goods which match sales more closely.

W. H. Smith has to keep track of about 70,000 individual stock items manually. Often sales details can be weeks out of date. In the Portsmouth store alone, prior to the introduction of Epos, 90 hours of staff time were allocated to checking stock levels against sales. With a fully integrated computer system, the company hopes to cut this down *to practically zero.*

It has taken more than four years of experimenting with Epos to iron out all the problems with the system. Mr John Read, who has responsibility for the system's development commented: "If you can't cope with Christmas, you haven't got a system."

The W. H. Smith system will *be installed by Data Terminal* Systems, part of National Semiconductor, the U.S. electronic components group. This will comprise a range of electronic *tills linked to a small back* office computer. At the checkouts, operatives wave a light pen over bar coded goods. This information, read by the till, transmits the code to the computer which looks up the *latest price of the item* and displays in on the computer.

The back office computer keeps track of each till's transactions and management data on the amount of goods sold through each checkout can be obtained at any time throughout the day.

Orders are produced electronically and transmitted to *head office. The* computer system suggests order levels to branch managers based on each product's sales history. Mr Read said that this aspect of the network was the core of W. H. Smith's aim to improve the *management of merchandise as* the company generates more than 1m orders to 2,000 suppliers each year.

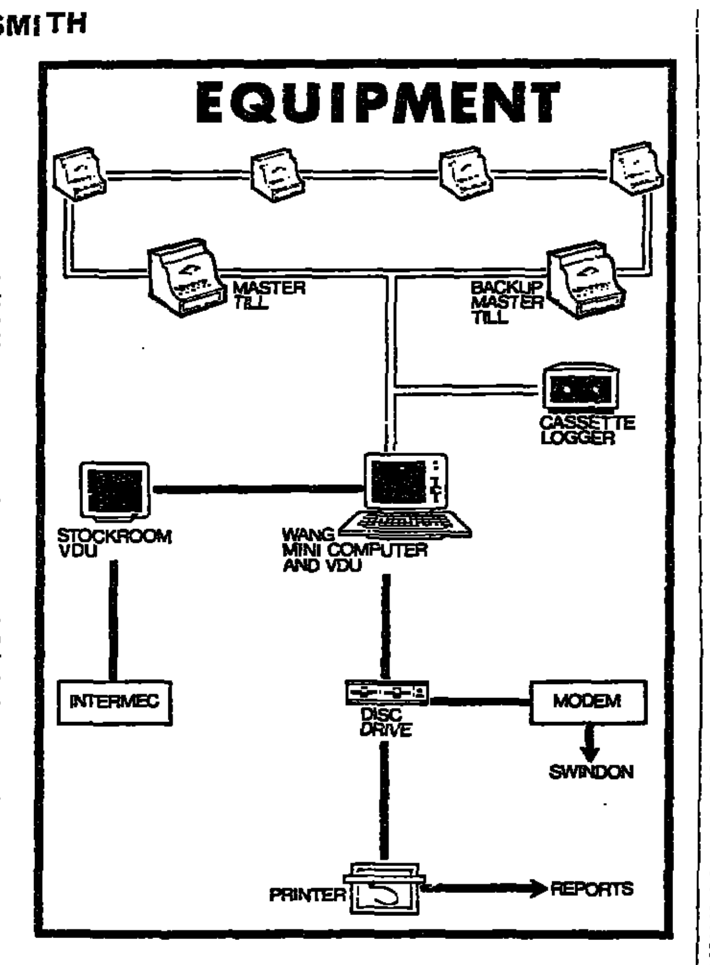
Goods received are checked against the orders stored on the system so that discrepancies can be identified quickly and action taken.

The investment in the system runs into tens of millions of *pounds.* W. H. Smith is installing a private communications network to link each branch via a high speed data network to the head office computer in Swindon. There an ICL 2988 keeps a central file of each stock item, its price, how well the product is selling, recent sales history, and any special promotions plus other statistical *information.* The company is also linking to its major suppliers though it can already send book orders electronically via the industry's Tradanet system.

Installation of the Epos system will begin in July at six W. H. Smith branches in the *Chiltons area. The network will* be complete within three years linking 100 of the company's wholesale houses in addition to *the 360 high street stores.*

For W. H. Smith, one of the deciding factors was the increase in the amount of bar coded goods. Four years ago only 30 per cent of goods coming into the company's stores were coded, now this figure has reached more than 60 per cent. For the checkout assistant much time is saved in simply moving a light pen across the goods *instead of having to key in a* four or eight digit code for each item sold, as is done with other stores such as Habitat, for example.

Customers in Portsmouth seem to have barely noticed the arrival of the Epos system except one lady who complained when she had problems writing a cheque with a light pen.



MATSUSHITA DEVELOPMENTS IN TELEVISION TUBES

Flat screen TV on view

BY GEOFFREY CHARLISH

MATSUSHITA Electrical, the Japanese electrical giant, has *developed a flat colour* television tube of 10 inch diagonal and a depth of only four inches. It has already been incorporated into a prototype TV set which will be seen at Tsukaba Expo '85, opening March 17.

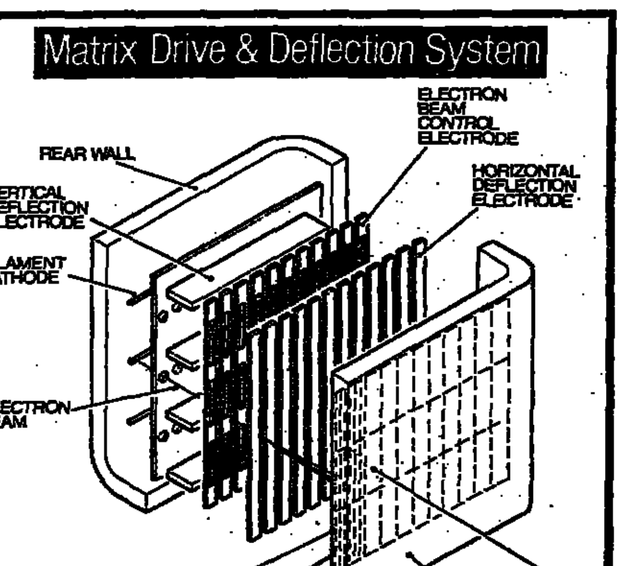
The Japanese researchers partly solved the flat screen problem by tackling the fundamental aspects of the cathode ray tube which determine the long front to back dimension, namely the scanning angle. *Even with scanning angles of* 110 deg, common in most TV tubes, a depth of some 10 inches is needed to accommodate the tube neck and electron gun in a 10 inch diagonal tube. In addition, considerable scanning *power is needed to move* the electron beam across the face of the tube.

In the Matsushita tube the screen consists of 3,000 picture cells arranged in a matrix of 200 horizontally by 15 vertically. Each cell is scanned by its own electron beam which excites phosphor stripes.

The necessary 3,000 controlled *electron beams are produced by* forming a matrix of 15 horizontal filament cathodes extending across the tube width, with 200 electron beam control electrodes in front of and at right angles to the filaments.

Each beam is horizontally deflected in six steps (two sets of red, green and blue) and vertically deflected in 32 steps *to form images consisting of* 192,000 elements on the screen face. The complete picture is still formed by the line at a time method.

Clearly, a large number of electrodes is needed to address the picture, but much less (one seventh) of that needed for a full X-Y matrix. In addition, the beams have to move *through only a narrow deflec*tion angle, resulting in a small tube depth.



There is no shadow mask of the kind normally found in a colour tube—the thin metal sheet behind the glass screen determines which stripe of colour phosphor is energised. Instead, a very fine electron beam is produced of the same width of the phosphor stripes. Separation of the horizontal *and vertical electrostatic lens* systems, to provide individual control of focusing, has resulted in very good resolution and colour reproduction, it is claimed.

Uniform electron beam characteristics to assure uniformity in brightness and purity of colour have been achieved by precision produc*tion of the electrode parts* and precision assembly.

Signal processing and driving are performed digitally in the Matsushita system. Picture brightness is controlled by varying the pulse width which energises the electron beams, producing 64 steps of intensity.

Colour reproduction is obtained by digitising the picture signal and sequentially driving red, green and blue signals. A microprocessor is used for fine adjustment of the diameter and position of elec*tron beams on the phospor* screen, giving uniform brightness and colour.

Matsushita believes that the tube, which is claimed to produce distortion-free images over the entire picture area, *will be used in "new media"* applications ranging from high definition TV to videotext.

Computing

Voice response

VOICE input and response is possible with the Burroughs B20 microcomputer. A software system which allows this facility has been developed by Yojna, a Detroit company which specialises in data communications.

Called the VIP, the system provides for a computer vocabulary for speaking to the user of 65,000 words in a number of languages.

The software allows the telephone to be used as the computer input/output device in place of a terminal keyboard. Anyone with access to a telephone can have access to information stored on the computer providing the security codes are known. More details from Gordon & Gotch in the UK on 01-583 5112.

Components

Ultra fast electronic circuits

NEC in Japan believes that it has taken a step forward in the race to produce superfast computers based on *Josephson circuits.* These are semiconductors cooled to a temperature close to absolute zero. At this temperature circuits have little electrical resistance so that electrons flowing through the circuit do so at incredible speeds.

IBM has been the company most associated with the *development of Josephson* circuits. Now NEC says that it has produced the fastest circuit yet made capable of *carrying out calculations four* times faster than existing Josephson circuits and 10 times quicker than conventional semi-conductors.

QUICK METHOD OF ELECTRICAL AND COMMUNICATIONS WIRING

MK Electric launches power line system

MK ELECTRIC has launched a surface-mounted 63 ampere busbar trunking system that provides a versatile and, it is claimed, cost-effective alternative to conventional "hard wiring" that would normally be *sunk into walls* with outlets at fixed positions.

With the new system, called Powerline, both power and communications outlet sockets can *be positioned wherever they are* required.

The development is a new direction for MK which has pre*viously manufactured only* British Standard control, connection and circuit protection components, rather than distribution systems for power and communications.

There are three channels in plastic extrusions forming the ducting. The central channel contains the three mains busbars (line, neutral and earth) and this is flanked above and below by ducts for low voltage telephone, telecoms and computer cables.

MK has designed a comprehensive range of outlet and *switching units that fit into the* front of the ducting and clip securely at the rear on to the three busbars. A 13 amp switched socket outlet, double pole switched connection units and mains isolating switches are available. The socket outlets accept normal 13A plugs to BS 1363.

Low voltage accessories — telephone sockets or blank plates for various computer sockets — *are provided with an* isolation enclosure totally shrouding them from three busbars.

GEOFFREY CHARLISH

CERAMICS RESEARCH

Fairey's aims for novel materials

FAIREY Holdings' decision to set up a special subsidiary to *exploit the group's expertise* in high performance ceramics will help to close the growing gap in technology between *Britain* and *countries* such as Japan and the U.S.

Fairey Tecramics with a staff of only 12 will concentrate on the development of injection moulding technology for components such as ceramic tur*bine blades. It will also be* involved in the search for new ceramics for automotive applications such as turbochargers *and engine insulation.*

The team will be led by Dr Derek Taylor who worked at Doulton Industrial Products for 20 years. He has carried out research on ceramics for traditional and engineering applications. Also on the board as a non-executive director is Professor Richard Brook of Leeds *University. He is professor of* the only British university department devoted entirely to ceramics.

ELAINE WILLIAMS

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
22	23	24	25	26	27	28

Opera and Ballet

LONDON

Royal Opera, Covent Garden: The new production of Handel's Samson, by Elijah Moshinsky in the designs of Timothy O'Brien, is the Royal Opera contribution to the Handel tercentenary celebrations. Jon Vickers, whose Samson was one of his early London triumphs, returns nearly three decades later to the title role; the cast also includes Carol Vaness, Marie McLaughlin, Sarah Walker, *and Robert Lloyd, and the conductor* is Julius Rudel. (240 1066).

English National Opera, Coliseum: A new production of Xerxes is the ENO's Handel tribute – Charles Mackerras, one of the world's leading Handelians, conducts. Ann Murray, Valerie Masterson, Jean Rigby, and the countertenor Christopher Robson lead the cast, and the producer is Nicholas Hytner (recently of *Rienzi* fame). Also, Iain Hamilton's Anna Karenina, a not entirely satisfying late attempt at a "romantic opera" given more than its due by a splendid ENO ensemble performance; and Tristan and Isolde (this week Reginald Goodall conducts the *last of his current run). (836 3161).*

VIENNA

Staatsoper: Tannhäuser; Falstaff conducted by Zedda with Lorengar, Venuti, Ludwig; Simon Boccanegra conducted by Marco Erede with Freni, Gonda, Ghiaurov. (5324/2655).

Volksoper: The Gipsy Baron; The Magic Flute; The Barber of Seville; Orpheus in the Underworld conducted by Richter; Lehar's Land Des Lachelns conducted by Bibl; Hello Dolly. (5324/2657).

PARIS

La Traviata performed by Orchestre Colonne conducted by Donato Renzetti in a Bonn Opera production by Luca Ronconi with Violetta sung alternately by Diana Soviero-Uzan, Jenny Drivala and Julia Kukely. TMP-Châtelet (233.44.44).

Tristan and Isolde alternates with *Konrad Bohmer's Doctor Faustus*, world premiere co-produced with Netherlands opera conducted by Janos Kulka/John Burdekin with Heinz-Jurgen Demitz in the title role. Bohmer has reinterpreted the myth of Faust according to historical documents, turning him into a strange mixture of vulgarity and spirit of adventure. Paris Opera (742.57.50).

ITALY

Turin, Teatro Regio: Manon Lescaut, with the young soprano Maria Chiara making her Italian debut in the title role. Also Angelo Romero, Nicola Martinucci and Alfredo Mariotti, *conducted by Michelangelo Veltri*: The Geneva Theatre production of Mussorgsky's La Chovanscina (Italian version by Fedele d'Amico) conducted by Bruno Bartoletti and directed and with scenery and costumes by Pier Luigi Pizzi (548000).

Rome: Teatro dell'Opera: Offenbach's La Perichole conducted by Pierluigi Urbini and directed by Jerome Savary. Choreography by Lorca Massine and scenery by Michel Lebois. In the cast are Elena Zilio, Claudio Desderi and Ugo Benelli. (461755).

NETHERLANDS

The Netherlands Opera with Handel's *Orlando* directed by Filippe Sanjust. The Radio Chamber Orchestra conducted by Nicholas Kraemer, with Jard van Nes in the title role, and Ann Dawson as Angelica. Eindhoven, Stadsschouwburg (117555), Groningen, Stadsschouwburg (142555).

Amsterdam, Stadsschouwburg. The Netherlands Opera production of The Rake's Progress by Stravinsky, directed by David Alden, with decor and costumes by David Fielding. Edo de Waart conducting the Radio Chamber Orchestra, with soloists Sheri Greenawald, Neil Rosenshein *and Thomas Stewart (Sun, Mon and* Wed). (242211).

WEST GERMANY

Berlin, Deutsche Oper: This week's highlight is Lohengrin with Wagner specialists Rene Kollo and Sabine Hass. *Die Fledermaus* is an Otto Schenk production. Carmen, sung in French, is steered to triumph by Teresa Berganza. The controversial production of Handel's Messiah in a scenery version by Achim Freyer, has the British conductor Christopher Hogwood. Lucia di Lammermoor brings together Kaja Borris and Franco Bonisolli. (34381).

Frankfurt, Opera: La Bohème with Alberto Cupido as Rodolfo. *The highly* acclaimed production of Berlio's Die Trojaner is again offered with Anja Silja and William Cochran. Don Pasquale closes the week. (25621).

NEW YORK

Metropolitan Opera (Opera House): Thomas Fulton conducts this season's first performance of last season's new *Ernani, starring* Montserrat Cabelle, Ermanho Mauro, Pablo Elvira and Paul Plishka. Die Meistersinger joins the repertory conducted by James Levine with Mari Anne Haeggander, Edward Sooter and David Rendall. James Levine also conducts the premiere season of Nathaniel Merrill's production of Porgy and Bess, designed by Robert O'Hearn, with sopranos Grace Bumbry and Myre Merritt, bass Simon Estes and baritones Charles Williams, Gregg Baker and Bruce Hubbard. Neeme Jaervi conducts the last seasonal appearance of Eugene Onegin starring Kay Griffel and Leo Nucci. Lincoln Center (362 6000).

TOKYO

Buto: The first festival concludes with Kyoto-based Byakkosha group of particularly grotesque style (Mon); Kazuo Ohno, 78 years old and still *dancing, father of modern Japanese* dance in the famous and poignant tribute to 1920s flamenco dancer La Argentina (Tue, Wed). Yurakacho Asahi Hall. (5800031).

Theatre

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200).

Glengarry Glen Ross (Golden): The Chicago cast from the Goodman Theatre provided David Mamet with a Pulitzer Prize for his latest work that pits fast-talking real estate salesmen against the world and each other. (239 6200).

Balm in Gilead (Minetta Lane): John Malkovich's energetic but nostalgic revival of an early Lanford Wilson play brings back the wide-eyed, drugged out 1960s and 70s to the accompaniment of Bruce Springsteen songs. (420 8000).

CHICAGO

Adventures of Huckleberry Finn (Goodman): Stuart Gordon directs the Organic Theatre Company's revival of its 1975 local hit to commemorate the 150th anniversary of Mark Twain's birth. *Ends Mar 3.* (4433800).

Riches to Ragtime (Pheasant Run): World premiere of John Reeger and *Ed Flesch's view of scams and fast* talkers by combining Scott Joplin tunes with O. Henry characters. Ends Mar 31 (2617943).

On the Razzle (Absolute): Michael Leavitt directs the local debut of Tom Stoppard's interpretation of the Johann Nestroy farce. Ends Mar 31 (327 5252).

LONDON

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rustling around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret *Courtenay has a field day (836 8108).*

Mother Courage (Barbican): Fine RSC presentation by the design team of Cats – John Napier and David Hersey – with Judi Dench as a scavenging, music hall and finally moving Courage pushing her elaborate cart *of stage machinery through the* Heavyside Layer. Howard Davies directs, good support from Trevor Peacock, Stephen Moore and Zoe Wanamaker. (628 8795).

Two Into One (Shaftesbury): Donald Sinden and Michael Williams head the cast of a blissfully funny farce *by Ray Cooney in the old* Whitehall tradition. An irate manager, Lionel Jeffries, declares: "There's far too much sex going on in this hotel, and I'm not having any of it." Not to be missed. (379 5399).

Waste (The Pit): Riveting RSC revival directed by John Barton of Granville Barker's 1907 once-banned play about a politician destroyed by an adulterous liaison leading to an abortion, a death and a suicide. Daniel Massey, Judi Dench, Charles Kay, Tony Church and Mark Dignam in a stellar cast. (628 8795).

TOKYO

La Cage aux Folles. The Japanese version of the spectacular Broadway hit portraying the female-impersonator's night club from which the musical takes its name. Despite Broadway direction (choreography: Linda Haberman; set: David Mitchell; costumes: Theoni Aldredge) the show lacks the vitality of the original and is just not camp enough. *Starring Masumi Okada,* Mamasomi Kondo. Imperial Theatre. (2124611).

Kyofu Jidai (The Age of Fear) based on the play by Jun-ichiro Tanizaki, one of Japan's best modern novelists (much of his work has been *translated into English). Story is* about a feudal ménage-à-troise and plot to poison the lord of the manor. Nissei Theatre. (near Imperial Hotel). (591 7633).

Bunraku Traditional Puppet Theatre. 5-foot tall puppets, three manipulators to each, are the "cast" in this sister-form of Kabuki. The internationally acclaimed Osaka troupe's February visit consists of an all-Chikamatsu (Japan's greatest playwright) programme. Most of the plays are set in 18th century Osaka and, typically, *based on daily lives* of merchants and common people and their conflicts especially between love and duty. It is the first time that Ikudama Shinju (Double Suicide at Ikudama) has been staged since its first performance in 1715. Excellent English earphone commentary and programme notes. National Theatre Small Hall (2657411).

Music

ITALY

Milan: Teatro alle Scala: Soprano Lucia Popp accompanied by Geoffrey Parsons. Schumann (Mon). (809126).

Rome: Auditorium via Della Conciliazione: The pianist Bruno Leonardo Gelber, Bartok, Janacek and Brahms conducted by Christoph von Dohnanyi (Mon and Tue). (6541044).

Rome: Teatro Olimpico: (Piazza Gentile da Fabriano): *The soprano Edita* Gruberova. Mozart, Strauss, Charpentier, Prokofiev and Thomas, with the Santa Cecilia Chamber Orchestra conducted by Friedrich Haider (Wed). (393304).

Rome: Teatro Ghione (via Delle Fornaci 37): A joke recital entitled Cavalleria Britannica (Tue). (6372294).

Rome: Oratorio del Gonfalone (Vicolo Della Scimia 1/B): The Gonfalone Chamber Orchestra conducted by Giovanni di Stefano playing four Bach concertos with the harpsichordists Mariolina de Robertis and *Bruno Canino (Thur). (655952).*

NETHERLANDS

Amsterdam, Concertgebouw. The Schönberg Ensemble under Reinbert de Leeuw, with Barbara Sukowa, *narrator, and John Bröcheler,* bass-baritone. Pierrot Lunaire and Lieder eines fahrenden Gesellen (Tue). Recital Hall: The Melos Quartet. Dvorak, Hindemith, Beethoven (Wed); Ulf Hoelscher, violin, and Michel Béroff, piano. Schubert, Ravel, Szymanowski, Richard Strauss (Thur). (718345).

PARIS

Bella Davidovich, piano: Beethoven, Brahms, Schumann (Mon). Salle *Gaveau (5832030).*

Claude Delangle, Saxophone, Odile Delangle, piano: Milhaud, Hindemith, Bartok, Villa-Lobos (Tue 6.30pm). Théâtre des Champs Elysées (7234777).

LONDON

Philharmonia Orchestra conducted by *Vladimir Ashkenazy with Elisabeth* Soderström, soprano. Sibelius and Dvorak. Royal Festival Hall (Tue). (9283191).

Bournemouth Symphony Orchestra conducted by Rudolf Barshai with Alicia de Larrocha, piano, and Sheila *Armstrong, soprano. Mozart and* Mahler. Royal Festival Hall (Wed).

Academy of St Martin-in-the-Fields directed by Kenneth Sillito with Michala Petri, recorder. Handel, Telemann, Rossini, Vivaldi and Suk. Queen Elizabeth Hall (Wed). *(9283191).*

NEW YORK

The Waverly Consort (Alice Tully): Michael Jaffee director. Janequin's Chant des Oiseaux among Renaissance favourites (Thur). Lincoln Center (3621911).

New York Philharmonic (Avery Fisher): *Kurt Masur conducting*, Arleen Auger, soprano, Vinson Cole, tenor, Westminster Choir directed by Joseph Flummerfelt. All-Handel programme (Tue); Erich Leinsdorf conducting. Malcolm Frager piano. Copland, Bartok, Brahms (Thur). Lincoln Center *(8742424).*

WASHINGTON

National Symphony (Concert Hall): Rafael Frühbeck de Burgos conducting, William Steck, violin. Ravel, *Beethoven, Bartok (Tue); Rafael* Frühbeck de Burgos conducting, Juliana, Markova, piano. Rossini, Grieg, Berlioz (Thur). Kennedy Center (2543776).

CHICAGO

Chicago Symphony (Orchestra Hall): Claudio Abbado conducting, Yuzuko Horigome violin, David Schrader harpsichord, Claudio Abbado harpsichord, May Sauer harpsichord. All-Bach programme (Thur). *(4358123).*

TOKYO

Vienna Chamber Music Consort: Mozart, Schubert, Beethoven. Tokyo Bunka Kaikan (Mon). (4960959).

Tokyo Metropolitan Symphony Orchestra, conductor: Gary Bertini. Mahler Symphony no. 9. Tokyo Bunka Kaikan. (Tue). (8220727).

Exhibitions

PARIS

Hans Holbein the Younger (1497-1543): Thanks to the acquisitions by Louis XIV, the Louvre boasts one of the richest and rarest collections of the court painter of Henry VIII. Five of his masterpieces, portraits of Erasmus and Anne of Cleves among others, retrace his artistic development, accompanied by several drawings of equally prime importance. The exhibition *is* completed by paintings from the royal collections thought, mistakenly, to be by Holbein. Louvre, Pavillon de Flore, Porte Jaujard (2603926). Closed Tue, Ends April 15.

Degas: His portrait of Diego Martelli and his *astonishing Bureau des Cotons*, with his Carnet 18 to be seen for the first and last time page by page, form the highlights of a vast *exhibition of the master's* sculptures, paintings, lithographs. Centre Culturel du Marais, 20-28 Rue des Francs-Bourgeois (272.73.52). Every day from 10am till 7pm. Ends March 3.

Impressionism and the French Landscape: The exhibition, *conceived to* coincide with the Los Angeles Olympics, treats the Impressionists' favourite subject matter from an unusal angle. *The 125 paintings by the* great names of the movement and by Manet and the Post-Impressionists, are divided according to themes. *Rural* countryside forms one group and the means of transport another, as do urban landscapes and the maritime universe. All show how the artists interpreted the traditional image of France and the modern one which developed in the wake of industrial progress. Grand Palais (2603926). Closed Tue. Ends April 22.

WEST GERMANY

Berlin, Akademie der Künste, 10 Hanseatenweg: 130 paintings and 70 drawings from between 1945 and 1984 by Rupprecht Geiger, the German painter. Ends March 17.

Hamburg, Museum für Kunst und Gewerbe *I Steinterplatz: Plastics only* has 400 objects of plastic from saltshakers to wireless sets from 1860 to 1960. Ends April 5.

Hamburg Kunstverein, Glockengiesserwall: More than 120 oil paintings on paper from 1949 to 1967 by *Joseph Boys. This is the first time* these works have been shown to the public. Ends March 31.

Hanover, Kestner Gesellschaft, 18 Warmbüchenstrasse: A retrospective of Marc Chagall's works on paper from 1907 to 1984 has roughly 200 drawings, gouaches and watercolours. This is the only German venue of the touring exhibition. Ends April 8.

Frankfurt, Frankfurter Kunstverein, 44 Markt: Italian art between 1910 and 1980 offers about 80 paintings and sculptures by roughly 50 artists, among them Chirico Bocioni, Carra Morandi, Modigliani and Manzu. Ends April 8.

Munich, Villa Stuck, *60 Prinzregentenstr. 60*: This is the first retrospective in West Germany of Guilio Turcato, the Italian artist. It has roughly 50 paintings and objects and about the same number of works on paper. Ends March 10.

NETHERLANDS

S. Jessurun de Mesquita: Prints, drawings and decorative designs trace the career of this exponent of Art Nouveau who managed to combine simplicity and crispness of line in his woodcuts of people and animals with the bizarre extravagance of the "sensitivistic" drawings – fevered *caricatures with a surrealist tinge.* Amsterdam, Jewish Historical Museum. Ends March 10 (closed Mon). A smaller exhibition of the sensitivistic drawings *runs concurrently* in Rotterdam, Boymans-van Beuningen Museum.

Amsterdam Historical Museum. A show of 19th-century topical prints which met a popular demand for political comment. Illustrations commemorating important events in Dutch history, and souvenirs of royal occasions. Ends March 3 (Printroom closed Sun, Mon).

LONDON

The Royal Academy: Marc Chagall – a full retrospective (organised by the academy in association with the Philadelphia Museum of Art, to which it travels later in the year) of the work of one of the most popular masters of modernism, still at work in his 99th year and last survivor of the artists' Paris of its great period before the first world war.

Chagall, for all his popularity, has remained a maverick artist, idiosyncratic and independent, and hard to *categorise. We now see, however,* that he has always been a good artist, and at times, most notably in that first time in Paris after 1910, a great one. The work of his extreme old age, moreover, does him more than credit, representing no falling off in its technical command or imaginative authority, but simply a restatement of the poetic images and ideas that have always haunted *him and he has made his own* – the soaring and floating lovers, the clowns and musicians, the flowers and trees, and that strange, colourful domestic bestiary of cocks and hens, goats, cows and asses.

Renoir – a survey of the life's work of *the artist who, more than any other,* has come to be seen as the quintessential Impressionist. Yet this easy labelling is now shown to be a gross and misleading over-simplification. In Renoir, once the label falls away, we find a wonderfully instinctive painter, aware of what his fellows were doing and responsive to it, but never the creature of theory, analysis or programme. The later works, hitherto considered so difficult, stand as major works in their own right. Organised by the Arts Council and sponsored by IBM, this *fascinating and beautiful show goes on* to Paris, where it will be much extended, and to Boston.

ITALY

Naples: Museo di Capodimonte: 'Naples in the 17th Century': for lovers of Baroque. An exuberant exhibition of paintings, marbles, silver and furniture dating from a period when the city was the second in Europe after Paris. Ends April 14.

Rome: Palazzo Venezia: Rome 1300 to 1875 – Art of the Holy Years. A huge and splendid exhibition of paintings, manuscripts, medallions, sculpture connected with the holy years which have taken place every 50 or 25 years since Boniface VIII's first in 1300. Of particular interest is Caravaggio's The Conversion of San Paolo (which belongs to the Odescalchi family, and is not normally on public view) and the Veronica by El Greco, recently discovered in the Capuccine monastery in Toledo. Ends April.

Florence, Palazzo Pitti: Infant Princes: Children's Clothes in the 17th century: *A curious exhibiton of 24 portraits from the period when children* began to be autonomous subjects for painters – mainly the Medici children. The paintings travelled, as photographs would now, between Florence, Rome and Vienna for the benefit of noble grandparents and prospective suitors. Until April 21.

WASHINGTON

National Museum of American Art: 49 works by five 19th century black artists highligh a show of a little-known area of American art. It reminds the world of Joshua Johnson, the first recognised black American portrait painter; Henry Ossawa Tanner, *a student of Thomas Eakins* and neo-classical sculptress Edmonia Lewis. Ends April 7.

CHICAGO

Art Institute: 82 great architectural drawings cover the last five centuries in this show lent by the Royal Institute of British Architects. Ends Mar 31.

TOKYO

Alex Colville, Canadian realistic artist who limits his output to three major works a year exhibits 35 paintings. Tokyo Metropolitan Teien Museum. Ends Mar 21 (4432021).

Yamato-e (traditional Japanese paintings, of 18th century on, usually landscapes). Suntory Museum, Akasakamitsuke (near New Otani Hotel). Ends Mar 31.

Cinema/Nigel Andrews

Fantastic—but where's the plot?

Brazil directed by Terry Gilliam
Places in the Heart directed by Robert Benton
L'Amour A Mort directed by Alain Resnais

Why is Terry Gilliam's Brazil called *Brazil*? It isn't set in Brazil and it has nothing to do with Brazil. My suggestion for a title which would capture the film's mood and lineage is: *Alice In Wonderland Meets 'Blade Runner' Amid Sets Inspired By Piranesi With Frequent Pastiche Tributes to "1984" And The Icarus Legend.*

For *Brazil* is too much of everything and not enough of anything. I suspect that the *wonderous Gilliam, who formerly* was Monty Python's animator, is suffering from elephantiasis of the ego after the American reviews of his last film, *The Time Bandits*. Over there, they thought it was the *best thing since sliced Tolkien.* How will they greet *Brazil*, in which Gilliam has upped the whimsical ante with a 2½-hour time-, place- and dimension-hopping fantasy about a Ministry of Information pen-pusher *(Jonathan Pryce) pushing out* into realms of wishfulfilment?

He pursues a distressed damsel (Kim Greist); he fights the forces of bureaucracy in the 1984-style nightmare city in which he lives (with its beetling *office blocks* and *huge, grey,* bunker-style interiors), he joins rebel forces with a paramilitary heating engineer (Robert De Niro); he dreams of flying white-winged through the clouds, a modern Icarus; and he plays St George to every dragon of authority from his Mum (Katherine Helmond of *Soap*) *to his bosses (Ian Holm, Ian* Richardson).

The only quest in which he fails is that for a plot. As a movie, *Brazil* does not move. The sets and set-pieces often are astounding: from the cloudy Birdman daydreams to the vast and gloomy power-palaces on Earth (combining *Metropolis futurism with a shadow-racked* Forties' look); from the electronic Samurai giant our hero fights in an alley to the spaghetti holocaust of heating pipes that erupt in his flat one night, making it look like a rubberised version of the Florida Everglades.

But as we stagger from one *coup d'oeil to the next, there* is no sense of a narative destination to lend it all pace and purpose. We scarcely know why the hero is assailed constantly by sinister heating repairmen (Bob Hoskins and Derrick O'Connor); why he pursues his dream girl with such mazy inexpertise (unless it's to tease the film out to 142 minutes); or what we're supposed to make of the constant terrorist explosions in shops or restaurants.

Amid the eager swell of cameo performances (De Niro, *Holm and Helmond doing best*),

Jonathan Pryce in Brazil . . . he might have saved it

Jonathan Pryce battles bravely and brightly. He looks a far likelier film actor here than he was as the smugly acerbic journalist in *The Ploughman's Lunch*. If *Brazil* had been an hour shorter, he might have saved it. But the monster is too large, its coils defeat the most Herculean efforts. Gilliam has a visual imagination as rich as any film-maker in Britain: if only he had a coherent dramatic vision to go with it.

*

Robert Benton's *Places In The Heart* is one of the New Depression movies coming out of America. Like *Country* (opening next week) and the coming *The River*, it's an up-against-it farming epic showing that anything the Johns Ford and Steinbeck could do in the 1930s, *Hollywood can and will do in* the 1980s.

Benton's movie starts out like *The Crepes of Wrath*. Driven in widow's weeds when her sheriff husband is shot, Sally Field channels her stoic anger into farming her land; several dozen acres of gleaming puff-white cotton she'll darn well *harvest with a little help from* her blind white boarder and her black foreman, beating the neighbours to market as well as her bank's foreclosure plans. Place: Waxahachie, Texas (Benton's own birthplace). Time: 1930s. Mood: Elegiac-pastoral-Stakhanovite.

Nestor Almendros's colour *photography lifts this feminist-*on-a-farm fable clear into the realms of poetry. The hues are primitive, primary and piquant —Hollywood's answer to Grandma Moses—but they're also buffed into exquisitely-varied tones by time and season: *the harsh golds of a summer* noon, the sieved and limpid white light through a curtain, the broody cobalt of a summer evening.

Director Benton seems spurred on by his chromatic genius, just as Widow Field is spurred on by her competing farm pals. By a sublime alchemy *the film taxes stereotypes—the* Christ-like blind man (John Malkavich), the son-of-the-earth negro (Danny Glover)—and turns them into archetypes. They're at once simple and grand, old and new, comic and cosmic: part of a lightly-lyricised Homeric vision of America the Beautiful. This is *Benton back to his best—the* writer of *Bonnie and Clyde* and director of *Bad Company*, who finds the beating heart of his country in the countryside.

Only in a sub-plot involving Ed Harris and Lindsay Crouse, as a neighbour couple riven violently by adultery (his), does the thump of impending melodrama cause a moment of arhythmia. It's as if two different films have collided: a pastorale has bumped into a *film noir*. Elsewhere, *Places In The Heart* is timeless, tough and lyrical with a matching *performance by Sally Field*; an explosion of fight and friz curls round a pretty tomboy face that could break your heart.

*

Alain Resnais's *L'Amgour A Mort* could break your brain cells. Deep in the French countryside, Saoine Azema's husband, Pierre Arditi, dies from a stroke. Then, he comes back to life. Then, several reels later, he dies again. As Lady Bracknell would say, to lose your life once may be considered a misfortune; to lose it twice seems like carelessness.

Meanwhile, an ordained couple, Fanny Ardant and Andre Dussolier, rally round offering their friends advice about both this world and the next (whither Mlle Azema wishes to follow M Arditi). Does love survive death? Should it cross the barrier of the grave?

To call this film obscure would be like calling the Great Pyramid of Cheops biggish. It glooms abstrusely from one eschatological dialogue to the next, punctuated only by sequences in which the screen goes black (or snow-flurried) and we hear the squeaks and tingles of Hans Werner Henze's music. There are moments of magnificent Resnais mystery—a *breathless camera tracking* through the night to a lighted house, a candle guttering like a failing heart—but they are interspersed with far too many moments of off-the-peg Resnais mysticism and outright Resnais obscurantism.

Mantis/ICA

Clement Crisp

It is probably unrealistic to suppose that evenings of post-modern dance are going to yield many great revelations, choreographic or theatrical. The best one can hope for is some innovatory moment, some fresh angle on the generally austere procedures of the genre. The worst one can expect is pretention and that sterility which comes from minimal invention deployed in minimal dance. This I found the depressing fact of the new Mantis company programme on Wednesday.

Of the two works on the bill, the first—Micha Bergese's *Stage 7*—was a collection of *solos and ensembles* to words, electronic sounds and guitar music by John-Marc Gowans, *which* had a white-clad cast involved in dances of severely limited interest. There seemed a *deliberate informality about* the piece, the dancers chatting or sipping coffee when not in movement, or grouping in contact games and confrontations which led to no real climax.

The most interesting passages featured the lithe, mercurial Bruce Campbell in brief solos, and found Mr Bergese in a slow-*motion duet with Kaye Brown*, but these apart, the work verged too much upon warm-up routines and classroom study to make much other impact.

Considerably longer, and vastly more tiresome—registering about nine of my own Richter scale of tedium — was Timothy Buckley's *Breakneck Hotel*. In this six dancers, in manic street dress and armed with suitcases, indulged in an *interminable series of what I* took to be children's games (the sort of games you tell children to stop, in the hope that they will do something sensible with their time and energies). Running, falling, shouting, playing with cloths and chairs, caught up in some private ritual of follow-my-leader, occasionally—very occasionally — starting up little dances, the performers inhabited their dim world of make-believe, and suggested *to* me nothing more than the futility of their activities and the thin fabric of Mr Buckley's dance imagination.

Bruce Campbell was again noteworthy for the sharpness of his presence as a master of these ceremonies; but the rewards of the piece were otherwise imper*ceptible. At one point earlier in* the evening, one of the dancers declared "If you've got something to *say, will you make yourself* clear." It was an obituary for the whole performance.

Man Equals Man/Almeida

Michael Coveney

The main interest of Brecht's Kiplingesque *Man ist mann*, *here given in the translation of* Gerhard Nellhaus, is its study of a split personality, the first *of Brecht's experiments in this* field before Puntila and the Good Woman. Galy Gay is an *Irish docker in colonial India* who sets off to buy a fish. He ends up with an elephant, another identity, a rigged trial and an execution.

Hardly worth leaving home for, really. The trouble starts when three soldiers who have looted an Indian temple need a substitute for the fourth whose *hair has got stuck in a door* frame. The military roll call must be heeded and Timothy Spall's O'Casey-ish Galy in a black cap and jacket finds himself absorbed in a marching routine and the persona of the top-knotted Jeraiah Jip. By the interval he is disowning Mrs Gay; by the end, having delivered an oration over Galy's *coffin, he is part of the human* fighting machine and wiping out a village of innocent Tibetans.

The Almeida production has a last ditch replacement director, David Hayman, and as so often happens, the result is more than adequate. A box of beer crates represents the pagoda, and the theatre's stripped brick walls are, as ever, a design in themselves.

A good cast includes Miriam Margolyes as the lascivions Begbick, a pre-Courage canteen widow, who is happier handling cucumbers than the unfortunate setting (by Benedict Mason—not his best score) of "the Song *of the Flow of Things*"; Nicholas le Prevost as the devious Uriah; and a subdued John Sessions who pops up as an oily pagoda curator and an unimpressed, rather touching, Mrs Gay.

The decline of a sensual sergeant whose sap rises when the rain falls is nicely done by Peter Jonfield. *His act of self-*mutilation coincides with Galy's hour of glory.

It is impossible now to view the play in Marxian terms, as Brecht intended, of an individual submitting to the *collective will of society. But* Mr Spall's quivering, febrile performance, which prospers on a curious mixture of sweatiness and delicacy, offers a still fascinating picture of a two-way character stretch. The production closes him down tight in the prison cell: he leaps free after a well-expressed struggle *with his own nature, but only* to become a crazed cog in a wheel of destruction.

Knot Garden/Royal Academy

Richard Fairman

Tippett's operas make awesome demands on young per*formers. Dramatically innovative* and musically complex, they do not often find their way on to the music colleges' productions lists, as the operas of Benjamin Britten do now. One other student body (North*western University, Chicago*) has tried *The Knot Garden* before, though with conspicuous lack of success. An American critic found the opera "short-winded, the musical prosody tortuous, and the subtexts Decadent Chic." Now the Royal Academy of Music has taken up the challenge, launching its Tippett festival with a success in one *of* the composer's most difficult works.

In the revised orchestration made by Meirion Bowen, first performed in the Opera Factory production last year, the work is sensibly reduced in scale *for student performances.* Twenty-two players are stipulated in this chamber version, though the Academy has made minor adjustments to suit its resources. The orchestral colours remain brilliant and the opera quintessentially Tippett's.

Unlike the Opera Factory performances, this production by David William kept closely to the *letter of the score*. The stage showed the enclosed "knot garden" of the title; light projections represented the changes of scene. Almost every move*ment faithfully depicted actions* detailed in the libretto by the composer.

Ideally this opera requires stage performers of some experience. There is no narrative to guide the unwary; the *characters do not present* straightforward personae. Stage deportment is crucial and, though the dance that accompanied the blues ensemble at the end of the first act had its comic moments, the soloists for *the most part sustained* convincing, unexaggerated portrayals. Deryn Edwards, as the disabled freedom fighter Denise, was especially impressive in a role that is physically (as well as musically) exacting.

Elsewhere too musical standards were triumphantly upheld. Anne-Marie Hetherington sang with warmth and strength as *the isolated wife Thea*; Charles Naylor as her husband Faber, though wanting the decisive, worldly aspect of the role, was impressive vocally. Jane Webster was the ingenuous Flora and David Barrell a sinister Mangus, the *Prospero-like* conjuror of events. Under Nicholas Cleobury the orchestra played with virtuosic flair. It was, in all, an excellent harbinger of events in their Tippett festival.

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Quotas have nine lives

IMPORT quotas have an insidious tendency to become self-perpetuating. *This is not merely because the protected industry in the importing country fails to adjust, and keeps up its political lobbying against free trade.* It is also because quotas become a fact of life to which whole market-places adapt. The importer's commitment to a distorted mix of price, volume, profit margin, product design and local sourcing becomes established to the point where he prefers the quota system to continue.

There is a chance that next month will provide a fresh *demonstration of this paradox* in the case of the voluntary quotas on cars imported into the U.S. market from Japan. It is no secret that these quotas were negotiated between the two countries when they were imposed in 1981 and that negotiations about their future are continuing today. But it is not impossible that, when the day comes, the Reagan Administration will state that in keeping with its commitment to free *trade it has not sought* a renewal of quotas, that the Japanese will decide to continue some form of quota "in the interests of harmonious trading relations with the U.S." and that the industry lobbyists in Washington will consider it all a job well done.

The contentment of all concerned will be paid for by the U.S. consumer who, according to a recent study by the Federal Trade Commission, has paid an average of $400 extra per car since 1981, or a total of $1.1bn, because of the system.

Price war

Japanese car makers typically export between a quarter and one-third of their car output to the U.S. market and it is not hard to construct a Japanese case for continuing the current system. The Japanese motor industry makes high profits in *the U.S., which help finance an* intense price war for the custom of the Japanese consumer in the home market. By sparing American industry in neuralgic sectors like steel and cars, the Japanese authorities can dampen down U.S. protectionism and preserve the access *of highly competitive Japanese* manufacturers across the whole spectrum of goods and services. The experience of the UK with *its high level of car prices*, relative to the rest of Europe, shows how it is not necessarily an automatic instinct for the car importer to maximise market share through price cutting — the preservation of a high national price level has its own compensating attractions.

The FTC study suggested that each U.S. job saved through import quotas cost the U.S. economy $240,000 a year. Yet Europeans are in a poor position *to tell the U.S. Administration* that it should request abolition of the car quotas for the benefit of the U.S. consumer and for the long-term good of the U.S. economy. Europe itself, including free-market Britain, *shelters behind voluntary* restraint of Japanese car imports and is not even contemplating its removal.

Several Japanese car companies have invested, or are investing in manufacturing capacity in the U.S. *If*, taking their position into account, the Japanese industry and government decide relatively spontane*ously that their best long-term* marketing strategy in the U.S. is to continue with self-restraint, it will be hard for anybody to make a forceful case against the decision.

Yet Europe will have good reason to be disappointed if the quotas linger on. Car import restraint, *and the similar* arrangement currently being negotiated between the U.S. and Japan on steel, insulate the U.S. Government from the consequences of the excessive valuation of the dollar. They *are indeed part of a convenient* trade-off between the U.S. and Japan whereby Japanese savers, including profitable car companies, finance part of the U.S. trade deficit by storing their wealth in U.S. dollars. American consumers then benefit from the strong dollar to buy goods from Japan.

President Reagan has spurred the U.S. *economy* back into growth while ignoring much advice based on economic theory. But he has remained true to a sound instinct for deregulation and unfettered markets. He would do well to *follow it as far as possible* in his country's trade with Japan.

Sources of low productivity

MORE INVESTMENT, especially in advanced technology, is often seen as the key to raising the competitiveness of British industry. Yet the explanation for Britain's low productivity compared to countries like Germany and Japan lies in the *amount of investment in new* plant and machinery, but in the way plant is used. It is in the down-to-earth field of production management — frequent machine breakdowns, poor maintenance procedures, inadequate attention to quality control—where Britain's perform*ance is demonstrably worse than* that of her competitors. These deficiencies appear to stem from low technical competence on the part of the British managers and workers, especially foremen, who are concerned with the production process.

This is not a new message, but it is usefully and convincely restated in an article in today's issue of the National Institute Economic Review, presenting the results of an inquiry into productivity, machinery and skills in a matched sample of 45 British and German manufacturing plants.

Differentials

On average, labour productivity in the German plants was 63 per cent higher than in their British counterparts. The difference was not due to economies of scale or greater batch sizes on the German side; the plants which were compared made similar products in similar volumes. It was not due to over-manning on the British side; perhaps because of the shake-out that has taken place in the UK in the last few years, there was no great difference *in manning levels* between the two countries, at least as far as direct labour was concerned. Equally, there was no significance in the age of the machinery used in the two countries, although the German equipment was more technically advanced; in particular, the German companies, even the very smallest, showed a wider appreciation of the benefits of numerical control.

Much the most important difference, the inquiry found, was in the quality of manpower. About half of those working on the shop floor in Germany had an apprenticeship-type qualification compared with a quarter in Britain. "This was combined with larger pay *differentials* in Germany between skilled and *semi-skilled workers. In addition the pay of German skilled* workers tended to be related to their experience according to an accepted scale, while British skilled workers were more often all paid at the same rate."

Crucial to shop floor performance is the foreman. Most of the British foremen in the plants visited had acquired their position through experience in the factory, with no formal qualifications. Their German counterparts had been trained as craftsmen and almost all of them had acquired the higher certificate of Meister. Involving not only technical skills but also proficiency in staff supervision and work organisation. *The Meister* has responsibility for much of the detailed work in the manufacturing operation; it is in their attention to detail where the *Germans have the edge*. The British foreman, because of his lack of technical competence, has to be supported by a staff of specialists.

Above the foreman level the German production manager is normally a graduate engineer, whereas in Britain the position is usually held by people with a sales or financial background or by persons who have learned on the job. *These non-engineers* tend to be less receptive to innovation; their lack of technical understanding leads to delays in installing complex equipment because *they are* afraid to "chance their arm."

Despite the advance of new technologies, skill-intensive small-batch engineering operations of the kind covered in the inquiry are likely to remain a substantial part of manufacturing industry in developed countries. The need for a high *level of technical competence at* all levels, from machine operator to production manager, cannot be by-passed by automation and computer control; *indeed, the successful* introduction of these techniques will itself depend on the skills of the people installing and using them.

The lesson of the inquiry is clear. A concerted effort by industry and government to raise the level of technical competence in manufacturing is urgent. The Youth Training Scheme should eventually help to raise the proficiency of the unskilled section of the workforce, but it is at the intermediate level — especially the training of foremen—where the most serious weaknesses persist.

THE BATTLE FOR PHILLIPS PETROLEUM

Test case for the raiders

By William Hall in New York

"THEY have opened a book on the take-over battle in Las Vegas," confided a senior executive of Phillips Petroleum over dinner in an expensive *Manhattan restaurant earlier this* week. "I hear the odds are four to one that we stay independent."

Perhaps the "high rollers" in Las Vegas know something that the rest of the investment *community does not*, for the word from the punters on Wall Street is that today's special meeting to vote on Phillips' controversial plan to remain independent is going to be a far closer call.

The battle has pitted Phillips Petroleum, the ninth biggest U.S. oil company, and one of the most conservative, against the best known corporate raiders on Wall Street. It has highlighted the widely differing views of some of the best investment banking and legal talent in the land, and as the battle has unfolded it has touched some emotional *chords which few would have* predicted.

The 38,000 people of Bartlesville, Phillips Petroleum's home from organising prayer meetings to save their company, to bombarding the company's *anonymous* institutional shareholders with boxes of cookies ingrained with the message "Have a heart — vote for people." Oklahoma's politicians have been working overtime to help rescue the state's biggest employer from the Wall Street "sharks."

Mr Carl Icahn, the 48-year-old Wall Street financier who is leading the fight against Phillips, sees the situation very differently. He has a low opinion of U.S. corporate management, which he describes as generally inadequate, and is a fervent believer that what he is doing is good for the U.S. economy. "*A lot of U.S. managements fly* around in their jet planes and go to their hunting lodges where they live like nobility of old. But they do not own the company," says Mr Icahn, who argues that one of the great *problems of the economy* is the lack of management answerability to shareholders. Not without reason, he has been dubbed "the man chief executive officers love to hate."

This is not the first time that takeover fever has swept through one of America's biggest and most traditionally managed industries, as the U.S. oil business tries to come to terms with falling oil prices and sharply reduced demand.

Last year alone, Chevron, Texaco and Mobil spent $29bn buying Gulf, Getty and Superior Oil respectively. But to date no other recent corporate fight has focussed attention as clearly on so many of the issues being hotly debated in America's boardrooms, as the battle for the soul of Phillips Petroleum.

If you were writing a script on the sorts of problems Wall Street and big business are wrestling with, in their efforts to curb the excesses of the current merger wave in the U.S. while improving the accountability of management to shareholders, *the Phillips saga would* provide an ideal case study.

● The role of the institutions. After years of sitting on the sidelines, the big institutions have begun to flex their muscles for the first time in the Phillips *case*. *Close to two dozen* pension funds representing assets of more than $100bn, formed the Council of Institutional Investors earlier this month and had their first meeting in New York last week where they grilled the various parties involved in the Phillips battle.

Harrison Goldin, comptroller *of the city of New York* and a leading light in the new council, says: "We are communicating to Corporate America and certain investors that we expect to be heard and will not tolerate two-tier treatment of shareholders," as has happened in some recent takeover battles.

Mr Jesse Unruh, California's state treasurer, argues that the more knowledge and information which can be built into the market place, the less need there is for any legislative solution to curb the worst abuses in U.S. *takeovers. After the Phillips* meeting, both sides were being extremely diplomatic about each other, but it is clear that Wall Street's corporate predators and big business have still not sized up the potential impact of the new institutional pressure group.

● *Greenmail. A technique used* in a number of recent cases involving the acquisition of a block of a company's shares followed by express or implied threats of disruption of the company's business. Some companies in such circumstances have repurchased their shares at a price or on other terms more favourable than those available to other shareholders. *The Phillips* battle highlights the difficulty of defining just *what constitutes* "greenmail." Phillips has promised to pay Mr T. Boone Pickens $53 per share in cash for his stake whatever happens, while Phillips' shareholders receive paper said to have a value of $53 per share. *Mr* Pickens vigorously denies that this is a form of greenmail but some of the institutions are not so sure and are preparing to vote against the recapitalisation plan as a result.

● *Poison pill: Normally* preferred stock with special rights attached, which are triggered on an unwelcome bid, thereby making it prohibitively expensive for a predator. Mr Martin Lipton, the lawyer specialising in company takeovers, who has added his own poison pill to Phillips' impressive defensive arsenal, says that "it helps to even the balance of power between the raider and the target." For Mr T. Boone *Pickens, however, the poison* pill is one of the "most potentially damaging approaches" that could hit Corporate America and he warned this week that, if used on a large scale, "it could place control of Corporate America in the hands of a few people interested only *in keeping their jobs.*"

Phillips' poison pill is "designed to entrench existing management" and only complicates the issues to be voted on today, argues Pickens. Many institutional investors are of *a similar opinion* but Phillips' independent directors argue that as far as they are concerned Phillips has not adopted a poison pill and is only ensuring that all shareholders cannot be forced to accept less *than $62 per share* in cash for their shares.

● Employee Stock Ownership Plan (ESOP): these allow employees to take a stake in a company on more beneficial terms than are available to *outside investors* because of official tax privileges. A key element in Phillips' defences is the creation of what will be the biggest ESOP in the U.S. Following the recapitalisation, Phillips' employees will own between 32 per cent and 42 per cent of the company's equity. The company says that as its employees will have a significant economic interest in its performance, this should help ensure its success and thereby *benefit all* stockholders.

The optimists hope that Phillips' ESOP will help motivate the workforce and improve productivity but many of the big institutional investors are worried that the concentration of ownership in the hands of the employees will work to their disadvantage over the long term.

Phillips Petroleum has been *thrust into the role of guinea* pig for so many of these issues because it desperately needs its shareholders to support the controversial recapitalisation plan which was hatched in response to an unwelcome takeover bid from Mr T. Boone Pickens, the Texas oil man, last December.

Mr Pickens, it should be remembered, was the man who toppled one of the giants of the industry less than a year ago, forcing Gulf Oil into the arms of Chevron. He netted a $760m profit for himself and his associates *in just over six months* and virtually overnight became a Wall Street celebrity.

Since then he has criss-crossed the country in his two *private jets seeking support for* his form of shareholder activism. "There are a lot of arrogant aloof and consider; managements around that are shareholders a nuisance," says Pickens. He believes big business *should* be made more accountable to shareholders for the assets it manages and executives "should quit playing around for perks.

"Can you imagine what would happen if the chief executives of al *the quoted companies* on the New York Stock Exchange pledged themselves to get their companies' share prices up to 75 per cent of their appraised value," he asks? "The Dow Jones would hit 3000 in *super-quick time.*

True, there are some brave men on Wall Street, such as Salomon Brothers' managing director, Roland Freeman, who have branded Mr Pickens' energetically cultivated public image as the champion of the little guy, as "absolutely self serving nonsense."

"The man is out looking for short-term speculative profits in the stock market like every other short-term speculative investor, no more no less," says Mr Freeman, whose firm advised Gulf in its abortive bid to stay independent. Nevertheless, Phillips' management realised from the very beginning that they could not make the same mistake as Gulf, and underestimate the threat from Mr Pickens.

Just before Christmas, Joseph Flom, the takeover lawyer, brought the two sides together and helped hammer out a peace plan. In return for agreeing to support the complicated recapitalisation plan, Mr Pickens was promised a $80m profit on his group's 5.8 cent stake in the company.

However, no sooner had Mr Pickens departed than several of Wall Street's most feared corporate raiders, in the guise of Irwin Jacobs, Ivan Boesky and *Carl Icahn, rode onto the* battlefield, and let it be known that they were very unhappy with Phillips' behaviour and planned to oppose the recapitalisation plan.

Mr Icahn, who has spent $350m on acquiring 7.5m Phillips shares, has backed up his objections to the recapitalisation plan by saying he wants to begin a tender offer for 70m of Phillips' 154.6m shares at $60 per share cash, once certain conditions have been met.

Many institutions believe that the Icahn offer is more attractive than the Phillips recapitalisation plan. The only *questionmark is* whether Mr Icahn can raise the necessary finance. Phillips has been mounting a major advertising campaign, asking the question "Is Icahn for real?" Phillips says it does not believe that Icahn can *raise the* $4.2bn necessary to pursue the tender offer.

The Icahn camp says it is confident that Drexel Burnham, its financial adviser, can raise the money if given a bit more time. *According to its latest* filing with the Securities and Exchange, it has raised its first $1.5bn from an assorted group of investors which do not include any major commercial banks.

The outcome of today's meeting is still up in the air. The big institutions are not happy about Phillips' elaborate recapitalisation package, especially since it will virtually insulate the company from hostile takeover bids in future. On the other hand they are conscious *that if it is defeated* the share price will probably drop sharply.

For what it is worth, Mr T. Boone Pickens says that at the end of the day, one might as well flip a coin, the two sides are so close.

TIMETABLE OF A COMPANY UNDER SIEGE

● **December 4, 1984—T. Boone Pickens' Mesa Partners says it has 5.8 per cent of Phillips and announces a tender offer for an additional 15 per cent at $60 per share.**

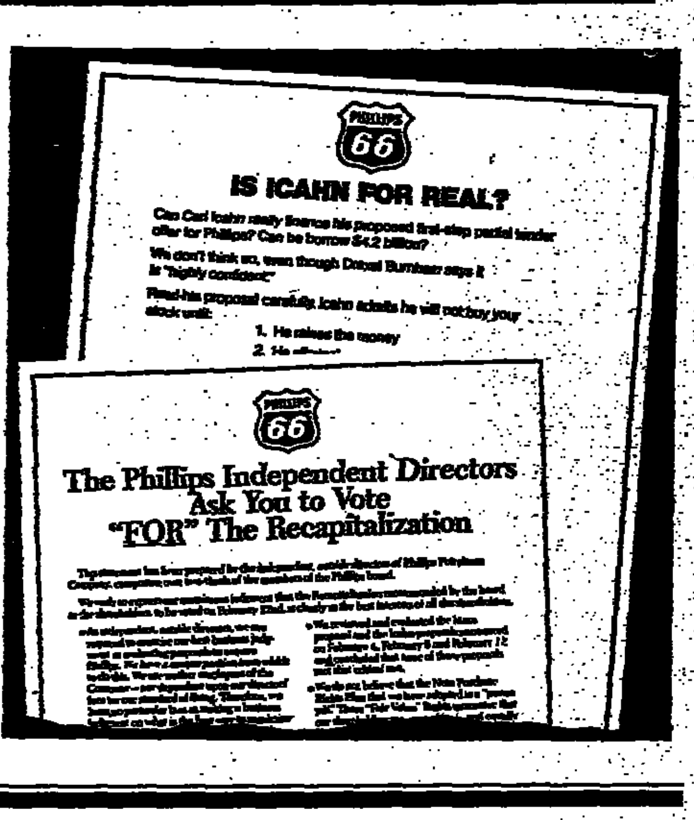
● **December 20, 1984—Court rules that 1983 standstill agreement between Mesa and General American Oil (now part of Phillips) would not bar Mesa from bidding for Phillips. Phillips decides to seek peace.**

● **December 24, 1984—Phillips and Mesa Partners announce settlement. Recapitalisation plan involves swapping 38 per cent of Phillips shares for a package of debt securities designed to have a value of $60 per share; Phillips says overall package worth $53 per share; Mesa promised $53 per share cash in return for promise not to worry Phillips for 15 years.**

● **February 4, 1985—Carl C. Icahn bids $55 per share for Phillips, half in cash, the rest in securities and reveals he owns 7.5m shares; argues Phillips package is worth $42 per share, not $53.**

● **February 7 1985—Phillips rejects Icahn bid and sweetens its own terms. Says it will only agree to sale of company at $62 per share or more. Adopts "poison pill" to strengthen its defences; Icahn revises offer.**

● **February 15, 1985—Icahn announces he has $1.5bn of the $4.2bn needed and says he's confident Drexel Burnham, his investment bank, can raise the rest.**



Men and Matters

Holmes in deep waters

If Shell Transport and Trading wants better relations with the Organisation of Petroleum Exporting Countries it has certainly made a good choice for its new chairman in Peter Holmes, aged 52.

From the start of his career with Shell, which began in 1965, he wanted to work in the Middle East. *He* was sent to Sudan and thereafter spent 20 years on Middle East postings.

When he became a managing director with Shell two years ago Holmes recalled. "In the 1950s Shell gave you £20, then quite a large *sum, if you passed* an Arabic exam. I did that, partly because I needed the money."

After the Sudan he went to *the Foreign Office school in* the Lebanon to learn to read and write Arabic. Then it was off to Libya for four years where, he says, "there was then a new oil discovery nearly every month."

Holmes' interests have involved sinking to nature's depths as well as rising to business heights. Scuba diving is one of his hobbies. After a difficult day negotiating with Col Gadaffi's regime in Libya he would go down to the underwater club, put on a bottle, dive to 50 ft with a camera, and sit in a cave photographing algae—"the perfect way to unwind."

If bubbles start appearing on the surface of the Thames out*side the south bank Shell* Centre it may well be the new chairman trying to get some peace and quiet.

"What worries me is that she might've picked up Reagan's 'You ain't seen nothing yet' philosophy"

Solomon wise

David Scholey seems to have *scored a coup by securing the* services of Tony Solomon, recently retired president of the Federal Reserve Bank of New York, for S. G. Warburg.

Solomon, 65, who *only quit* his former job last month, is to be a non-executive director of Mercury International Group, the new securities-cum-banking *conglomerate which Scholey is* hammering together in the City. Doubtless Solomon will be able to interpret the Fed's subtle monetary signals for Warburgs, and bring it a wealth of U.S. contracts.

He was not in his Park Avenue apartment when I called yesterday, but his cv *speaks for itself: nearly 10 years* in Washington in top jobs at the Treasury and five years at the Fed, plus a spell at Havard. But before Solomon even went *into government*, he was an enormously successful businessman,

A mild man who speaks so softly he can sometimes barely be heard, Solomon *was hoping* to use his retirement to indulge his passion for sculpture

"In economics you try to find the most efficient way to achieve an objective. Likewise in the kind of sculpture I like, I try *to convey the essence—but not* load a piece down with frills," he said in a recent interview with Institutional Investor magazine, which pictured him, dwarfed by one of his creations, a huge black figure with outstretched arms.

Warburg is not known for its frills either; perhaps that's what drew them to each other.

In store

George Willoughby, one of House of Fraser's most dedicated campaigners, is moving from his post as finance director to take on new tasks as business planning and development director. Battle fatigue, I wondered. After all, Willoughby, 54, has been in the thick of the fight between Fraser and its long-time adversary, *Tiny Rowland's* Lonrho.

Not a bit of it, Willoughby tells me. The move represents Fraser's commitment to long range *planning—which Lonrho* often said had been lacking.

Lonrho men may no longer be stalking the Fraser boardroom—where relations with the Al-Fayed brothers are "harmonious and constructive"—but Willoughby cautiously observes: "Whether we have knocked them down once and for all *remains to be seen.*"

Basil Mawdsley, 54, former group finance director of International Thomson Organisation, takes over as finance director, leaving Willoughby, *with 30* years experience of Fraser and its stores, to plan group tactics with Professor Roland Smith.

BBC s choice

The BBC has chosen David Henderson, an economist of centrist persuasion, to give this year's *Reith lectures*.

Henderson, who is chief economist of the OECD in Paris, will be the first professional economist to be let loose on the Reith lectures since the late *Andrew Shonfield who gave the* series in 1972.

But how did Henderson, who will talk on the relationship between economic ideas and policy, emerge to don the mantle?

"There are not many people to choose from," says George Fisher, head of BBC Radio's talks and documentaries department. "*We look for quality of* mind, broadcasting ability, an interesting theme, and some originality."

Fisher personally prefers someone not overwhelmingly famous.

Henderson fitted all criteria—a series of talks by him, The Importance of Being Right, was widely admired some years ago

Scooped

When Plessey's third-quarter results appeared on the Reuters screen first thing yesterday *morinng the London market* could not work out what was going on. Not only had the news been released much earlier than usual; the profits were in dollars *and quoted in the American* fashion, net of tax. Having scratched their heads, brokers decided to play safe and sell their shares.

In fact, it was all a big mistake. Plessey's New York office *had given its messenger service* the results to be delivered to Wall Street at 7 am yesterday to coincide with the London release. "The messenger service *let us down*" explained Peter Marshall, Plessey's finance director. "They took it into Wall Street the night before, for which there appears to be no *explanation. It's unfortunate*, but there you are."

While Plessey explains itself to the Stock Exchange, the New York messenger service is licking its wounds. It has been dismissed.

Observer

BASE LENDING RATES

A.B.N. Bank	14 %	C. Hoare & Co.	†14 %
Allied Irish Bank	14 %	Hong Kong & Shanghai	14 %
Henry Ansbacher	14 %	Johnson Matthey Bkrs.	14 %
Amro Bank	14 %	Knowsley & Co. Ltd.	14½%
Armco Trust Ltd.	14½%	Lloyds Bank	14 %
Associates Cap. Corp.	14 %	Edward Manson & Co.	15 %
Banco de Bilbao	14 %	Meghraj & Sons Ltd.	14 %
Bank Hapoalim	14 %	*Midland Bank*	14 %
BCCI	14 %	■ Morgan Grenfell	14 %
Bank of Ireland	14 %	Mount Credit Corp. Ltd.	14 %
Bank of Cyprus	14 %	National Bk. of Kuwait	14 %
Bank of India	14 %	National Girobank	14 %
Bank of Scotland	14 %	National Westminster	14 %
Banque Belge Ltd.	14 %	Northern Bank Ltd.	14 %
Barclays Bank	14 %	Norwich Gen. Trust	14 %
Beneficial Trust Ltd.	15 %	People's Tst. & Sv. Ltd.	15 %
Brit. Bank of Mid. East	14 %	Provincial Trust Ltd.	15 %
■ Brown Shipley	14 %	R. Raphael & Sons	14 %
CL Bank Nederland	14 %	P. S. Refson	14 %
Canada Perm'nt Trust	14 %	Roxburghe Guarantee	14½%
Cayzer Ltd.	14 %	*Royal Bank of Scotland*	14 %
Cedar Holdings	14 %	Royal Trust Co. Canada	14 %
■ *Charterhouse Japhet*	14 %	■ J. Henry Schroder Wagg	14 %
Choulartons**		Standard Chartered	‖14 %
Citibank NA	14 %	Trade Dev. Bank	14 %
Citibank Savings	12¾%	TCB	14 %
Clydesdale Bank	14 %	Trustee Savings Bank	14 %
C. E. Coates & Co. Ltd.	14½%	United Bank of Kuwait	14 %
Comm. Bk. N. East	14 %	United Mizrahi Bank	14 %
Consolidated Credits	14 %	Westpac Banking Corp	14 %
Co-operative Bank	*14 %	Whiteaway Laidlaw	14½%
The Cyprus Popular Bk.	14 %	Williams & Glyn's	14 %
Dunbar & Co. Ltd.	14 %	Wintrust Secs. Ltd.	14 %
Duncan Lawrie	14 %	Yorkshire Bank	14 %
E. T. Trust	14½%		
Exeter Trust Ltd.	14½%		
First Nat. Fin. Corp.	15 %		
First Nat. Secs. Ltd.	14½%		
■ Robert Fleming & Co.	14 %		
Robert Fraser & Ptns.	14½%		
Grindlays Bank	‡14 %		
■ Guinness Mahon	14 %		
■ Hambros Bank	14 %		
Heritable & Gen. Trust	14 %		
■ Hill Samuel	§14 %		

■ Members of the Accepting Houses Committee.

* 7-day deposits 11%, 1 month 11.75%. Fixed rate 12 months £2,500 11.75%, £10,000 12 months 12.00%.

† 7-day deposits on sums of under £10,000 11%, £10,000 up to £50,000 12%, £50,000 and over 12½%.

‡ Call deposits £1,000 and over [illegible]

‖ 21-day deposits over £1,000 12½%.

¶ Mortgage base rate.

§ Demand deposits 11%.

** See Provincial Trust Ltd.

POLITICS TODAY

'Dr FitzGerald and I...'

By Malcolm Rutherford

ON MONDAY Dr Garret FitzGerald, the Irish Prime Minister, was slightly late for lunch with the Financial Times in Dublin. We wondered what he had been up to. "I have been doing," he said, "something so secret that I cannot possibly tell you."

We thought it was a joke, though it was an even better joke than we realised at the time. Dr Fitzgerald had been preparing emergency legislation to freeze at least £1m in an Irish bank account that is thought to be controlled by the IRA.

On Tuesday the Bill went through the Dail—the Irish Parliament—in 35 minutes and was passed unanimously. Since it is estimated that it costs about £2m a year to run the IRA, and the frozen funds might be much higher than £1m, it looks as if the Irish authorities have achieved a considerable coup.

It has been a very good week for Dr FitzGerald all round. More important, it has been a very good week for Anglo-Irish relations. There is now more than a sporting chance of a sustained attempt mutually to tackle the Irish question.

On Wednesday, Mrs Thatcher went out of her way to stress official Anglo-Irish co-operation in her speech to the joint meeting of Congress in Washington. The phrase "Dr Garret FitzGerald and I" was almost a *leitmotiv* in the Irish section of her address.

Indeed, it had been a semi-condition of her appearance, set by Mr Tip O'Neill, the House Speaker, that she should deal with the Irish question head-on. She did so, emphasising the principle of consent in any settlement and implying that a preliminary agreement between London and Dublin might be nearer than many people think. The freezing of the IRA funds was beautifully timed, whether fortuitously or otherwise. Mrs Thatcher was able to cite it as an example of the British and Irish Governments pursuing the same aims.

Also on Wednesday the Dail passed the Family Planning Bill. That was the test on which on which everything else could have fallen. If Dr FitzGerald's coalition had lost that vote, there would not necessarily have been yet another Irish general election. But he would have become a lame duck Prime Minister and, therefore, the chances of sustaining a serious Anglo-Irish negotiation would have become almost negligible.

Dr FitzGerald has been reticent about this. It is not widely realised, especially outside Ireland, how near to a crisis he came. What he did was to take on the Catholic hierarchy, and for the first time the state defeated the Church.

It was a small Bill: it provides only for the legalisation of non-medical contraceptives for people aged 18 and above. But it was still a political breakthrough. For the hierarchy opposed it outright and have been seen to be beaten, or at least beatable. One reason for introducing it was to show Ulster that the Irish Republic is adapting to change.

Mr Charles Haughey's Fianna Fail opposition was against it, too, and lost. That again could have considerable political implications because it suggests that Dr FitzGerald could be in the Irish driving seat for the next two years, and perhaps longer, thus allowing time for substantial co-operation with Mrs Thatcher.

Before lapsing into optimism, however, it is worth noting a few caveats. Dr FitzGerald may have been too clever by half in that he did not tell sufficient people in advance what he was trying to do. For example, he saw Dr Kevin McNamara, the new Archbishop of Dublin, only a day or so before the Family Planning Bill was published, but did not inform him about it. He admits that that may have been a tactical mistake.

The result has been that the Catholic hierarchy — some of the parish priests may be a different matter — has begun to mobilise its opposition to a more secular state. The Family Planning Bill is only the first measure: there must be others still to come, such as the wider availability of medical contraceptives and eventually the reform of the divorce laws. The Church could be building up for a bigger fight.

There is also a theory, put to me several times, that the Vatican under Pope John Paul II is bent on re-asserting traditional values. It is doing so partly by using its influence on major church appointments: for instance, that of Dr McNamara, who is very conservative. With the possible exception of Poland, Ireland is seen as the best place for the battle. It is perhaps the last country that the Vatican holds. If that it true, Irish politics in the next few years are going to be livelier than ever.

Mrs Thatcher greeting Dr FitzGerald in Downing Street last September

Dr FitzGerald took the opposition by surprise with the Family Planning Bill as well. They had been engaged in debating the budget, and the state of the Irish economy deserves all the attention it can get. It could yet bring down the Government.

Suddenly, however, Fianna Fail was confronted with family planning on top of economics. In government the party would probably have promoted it, possibly even have gone further. In opposition it made the understandable point that the Government should have consulted more widely in advance and should have consulted, especially, the Church. Fianna Fail opposed the Bill and was defeated.

It is a moot question whether that will now lead to a crisis within Fianna Fail. There has been a question mark over the years over the leadership of Mr Haughey, but in the end he has always survived and until this week could reasonably have expected to become Prime Minister again in the next two years. Now it is all open. Possibly Fianna Fail will fall apart and Dr FitzGerald's Fine Gael will become the natura party of government, which is what he wants. But there is an awful lot of "ifs."

The question of who governs Ireland is important to Mrs Thatcher because, as she suggested in her Washington speech, she has put her trust in Dr FitzGerald, not in Mr Haughey. If there were any strong possibility of Mr Haughey coming back to power in the next year or so, the chances of Anglo-Irish co-operation would be much diminished. Mrs Thatcher would not take the idea of a solution to the Irish question as seriously as she is now thinking of doing.

Some of that is unfair. Mrs Thatcher is wrong to distrust Mr Haughey so much. He did, after all, put up some of the original ideas for a settlement which are now being considered and, when he was in office, delivered a great deal on Anglo-Irish security, which his party is still not tempted to go back on. Yet Mrs Thatcher thinks that he egged her on too far, while she prefers a gradualist solution, if indeed she is interested in any change in the status quo.

Apart from whether Mrs Thatcher wil lfinally grasp the opportunity, the immediate problem lies in Ireland. The ideological differences between Fine Gael and Fianna Fail are marginal. But there is an enormous personal rivalry and antipathy between Dr FitzGerald and Mr Haughey. That is, in a way, the Irish problem of the mid-1980s.

There are now three broad possibilities.

- The internal squabbling in Irish politics goes on, so that no-one is capable of giving a clear lead and Mrs Thatcher loses interest in anything except maintaining the *status quo*.
- Dr FitzGerald will be seen so decisively to have come out on top—because of the freezing of the IRA funds and the passing of the Family Planning Bill—that she can work with him alone.
- The two main Irish parties come together in search of a settlement, as they have shown they are capable of doing in supporting unanimously the emergency legislation on the IRA money.

Quite the most desirable possibility for London, Dublin and Ulster is the third. Some of the opposition leaders said in Dublin this week that they would be prepared to go along with an Anglo-Irish agreement that would give the Republic some limited say in Ulster affairs, provided that it kept alive the idea of a unitary state some time in the future. If it did not, they would oppose it flat out. They added that the northern question remained absolutely central to Irish politics, if only because it had a tendency to interfere with everything else.

A final settlement must be some way off. However, there does seem to be agreement on three basic principles, not least because of the work of the New Ireland Forum. There must be a further improvement in relations between London and Dublin and between the two parts of Ireland and, above all, there must be some move towards understanding between the two communities in the north.

The timing is not unpropitious. The Unionist parties in the north still seem more interested than before in reconciliation with some of the nationalists in their midst. Mr Douglas Hurd, the Secretary of State for Ulster, has renewed the pressure to that end. There are local elections in Northern Ireland on May 15 which are complicated by the fact that Sinn Fein, the political wing of the IRA, says not only that it will contest, but will take any seats that it wins. But after that there should be no major elections either in Britain or in Ireland, north or south, for more than a year. There are more opportunities for a peaceful settlement than ever before.

Mr Haughey and Fianna Fail have to decide how far to support any proposed interim agreement. Dr FitzGerald has to decide how far to seek to take the opposition into his confidence and to form, as it were, a *de facto* coalition on the Irish question. Mrs Thatcher, having come to the brink, has to stick at it.

Yet even if it turns out that Dr FitzGerald's Government has to go it alone in terms of Irish politics, it is still a risk that Britain should take. The Irish question has come almost to the top of the agenda at almost the best of times.

There will be another summit meeting between the British and Irish Ministers shortly. Dr FitzGerald would prefer it to be before the Ulster elections on May 15, though it is more likely to be after. But the timing does not matter too much, provided both sides realise the opportunity on offer. And the main loser from any failure to agree —Fianna Fail should realise— will be not Britain but the Irish Republic. The IRA is pointed at Dublin, not London.

Lombard

A retreat from Santo Domingo

By Robert Graham

ROY MARLOW is like a captain about to lose his ship. Since 1982, he has been Britain's ambassador in Santo Domingo: now he is packing up the residence and embassy. By March, Britain will have ceased to have direct diplomatic representation in the Dominican Republic.

The closure of the embassy in the Dominican Republic was announced last December, along with the embassy in Laos and three consulates. The decision was hurried, forced on the Foreign Office much against its will during the Treasury's sudden flap to find extra government savings.

In relative terms the Foreign Office cuts are small: because the Foreign Office as an institution is discreet, little has been said in public. However, the Santo Domingo embassy closure has been controversial and deeply regretted within the Foreign Office. The Dominican Government has taken the action as a gratuitous insult and ordered the closure of its London embassy, where its ambassador happened to be the doyen of the diplomatic corps.

This singling out of the Dominican Republic has also puzzled Latin American diplomats. After Cuba, the Dominican Republic is the largest country in the Caribbean both in size and its 6.2m population. Since the Falklands conflict in 1982, Britain has made efforts to reassure Latin America of its desire for improved ties. This interest was underlined by the reopening last year of embassies in Nicaragua and El Salvador. In the context of the Caribbean, the decision contradicts declared UK policy in the wake of the 1983 U.S. invasion of Grenada. Since then, Britain has reassured its many Caribbean Commonwealth partners that it still regards the region as important and that it has not abnegated its historical role completely to the U.S.

Foreign Office officials say resignedly that the axe had to fall somewhere and that the Dominican Republic was on the hit list for a number of reasons.

Sharing Hispaniola with Haiti, this Spanish-speaking nation has no historic ties with the UK; British business there is limited — about $15m out of total non-oil imports of $800m.

It is also argued that only four European countries had direct diplomatic representation in Santo Domingo and that Britain could perfectly well maintain its representation through Caracas, Venezuela, like several other European countries.

Yet putting aside the question of Britain's commitment to Latin America, which is more of an emotional issue, there are practical arguments against what has been done. The principal aim of the embassy in Santo Domingo was to improve Britain's relations with the non-English-speaking Caribbean.

Britain's interest in the area is based on more than just the Commonwealth connection. Britain also has residual colonial responsibilities in four dependancies. Two of these are close to the Dominican Republic, the Cayman Islands and the Turks and Calcos Islands.

In the case of the Turks and Caicos (population 8,000), there is no sign of a desire for independence from the UK. Their sole hope of economic viability is through developing tourism and off-shore banking; but everything has to be imported from outside, including labour. The Dominican Republic is logically the most convenient supplier of everything from fresh vegetables and building materials to manpower. There are possibilities for joint tourist projects; the Turks can offer little but beaches and sea while the Dominican Republic has impressive colonial monuments and lush vegetation. It is doubtful whether such ties can be developed so easily via occasional visits from Caracas.

Improvements in modern communications arguably reduce the need for large scale direct representation. But in small countries with personalised leaderships there would seem no substitute for what has always been the core of traditional diplomacy. Direct representation—a mix of showing the flag and establishing personal contacts — risks being eroded as a principle, for the Foreign Office is threatened with further cuts. Before the process goes much further there is still time to ask whether it is worth preserving this principle by slimming down the scale, while preserving the essence of Britain's direct representation overseas.

Letters to the Editor

International trade

From Mr J. Hayes

Sir,—What is Mr Dell (February 19) trying to tell us about the future of the international trading system—what ought to be done, or what he thinks will (or will not) be done? Much of his letter is about what politicians may be expected to do. As voters, we are entitled to consider not only what they are likely to do, but what they ought to do.

Mr Dell says that Governments "give higher priority to the needs of their producers than of their consumers, and it is easy to see why." But, when Governments protect particular industries, like textiles and clothing, they impose burdens not only on all voters, as consumers, but also on all other producers, including the potential "industries of the future." Economists worry about this sort of thing; but Mr Dell thinks that Ministers should use economists as speech writers but not as policy adviserse.

Mr Dell says that we all know that trade negotiations are about reciprocity. No doubt there will be continuing pressure on the newly-industrialising countries to liberalise their import regimes, and those who value the open trading system can hardly object to that. There are, however, strong arguments that liberalisation by the newly industrialising countries would make them even more competitive as exporters. This would increase the scope for mutually beneficial trade, but would also increase the adjustment task in the United Kingdom and elsewhere.

Of course the beneficiaries of protection say that liberalisation is only acceptable on the basis of reciprocity. But what about the interests of the majority who are harmed by protection? It may be a fact of life that our political and institutional system favours compact or well-organised minorities against the mass of their fellow citizens; but a democrat should look for ways of redressing the balance.

On the specific point of the multi-fibre arrangement, we have been buying time for adjustment in the cotton textile industry, on a "temporary" basis, since 1959, with other textiles and clothing thrown in as time goes on. How soon will we conclude that this is not the way in which a long-established industrial nation catches up again to somewhere near the head of the pack?

Thinking about a new round of trade negotiations needs to be at a much more fundamental level. The GATT secretariat has suggested that the MFA the Common Agricultural Policy, the steel arrangement and the many other "exceptions" to the open trading system are seriously imparing the role of prices in adapting supply to demand. This bears some thinking about. Moreover, the increased politicisation of trade is a source of international friction, and could even lead to a world of mutually antagonistic blocs. Mr Dell no doubt knows how politicians operate; but it is to be hoped that the Government will combine politics with statesmanship. It could play an important part in shaping a new, more satisfactory international trading system if it were prepared to contribute the necessary thought and effort.

J. P. Hayes.
*Trade Policy Research Centre,
1, Gough Square, EC4.*

Architects' fees

From Mr B. Waters

Sir,—Mr Littman (February 19) flatters we architects. If a contractor enters into a contract and fails to meet his completion date he accuses the architect of "failing to keep the builders to their timetable." Would that the contract gave us such power!

We are paid for our time. Thus an extension of the period during which we are required to carry out our inspection duties (not supervision, please note) which is beyond the architect's control justifies additional remuneration.

The full consequences of the current pressure for cut fees has yet to show through in reduced design quality and increased contract costs. It will also lead to architects claiming additional fees for extra services which were previously absorbed into the reasonable minimum scale.

Brian Waters.
*Boisot Waters Cohen Partnership,
64, Wilton Road, SW1.*

Investing in South Africa

From Mr R. Segal

Sir,—From the moment that external pressures on the South African regime were proposed, the cry has periodically been raised that such pressures must only harden the resolve of apartheid, to promote reaction rather than reform. Nourishing South African prosperity with supplies of foreign investment, at rewardingly high rates of return, would do much more to effect rational change. But in the event, many years of mounting foreign investment and bleached domestic prosperity produced no signs of retreat from the profitable emplacements of apartheid. It was the exercise of pressures, from sports boycotts to oil embargoes, that began seriously to disturb the South African Government and excite some movement, however clumsy and meretricious, towards change.

That the FT (February 18) should be peddling yet again the soiled haberdashery of reform through enrichment is bad enough. Far worse is the suggestion that continued foreign investment in South Africa should be regarded as morally admirable. Apparently British investors should not merely profit from the operations of apartheid; they should be entitled to claim the dividends of righteousness as well. Such humbug may be applauded in the City, but it is unlikely to win much approval in the battered black townships, where the cause of decent government in South Africa is of more profound and pressing concern.

Ronald Segal.
*Old Manor House,
Manor Road,
Walton-on-Thames,
Surrey.*

Social security policy

From the Director, Institute for Fiscal Studies

Sir,—Michael Prowse (February 15) makes a strong case for state pensions. The state can provide a degree of security, especially against inflation and for early leavers, which the private sector cannot easily match. The private sector, on the other hand, can offer pensions which reflect individual choice rather than political decisions. The trouble with the state earnings related pension scheme is that it offers none of these advantages. It gives little to the low paid workers outside existing occupational pensions schemes; nor does it do much to remedy the deficiencies of the private occupational sector in its treatment of mobile workers and often inadequate provision for inflation after retirement.

It bears the hallmarks of what it is; a political compromise that offered something to all the interest groups concerned with pensions rather than a product of a rational analysis of pension needs in the next century. That is why there is little prospect of a rational development of social security policy until it is swept away.

John A. Kay.
*180-182, Tottenham Court Road,
W.1.*

State of Israel bonds

From The Secretary, Development Company for Israel (UK)

Sir,—We trust you will allow a brief comment on the unfortunate comparison in "Men and Matters" on February 11 between the State of Israel Bonds and the Nicaraguan Democratic Force (FDN) in their efforts to raise funds. Such a comparison is totally misleading and could easily be misinterpreted.

Bonds of the State of Israel have been sold throughout the world for many years both to Jewish and non-Jewish supporters of the state of Israel and our investors include many non-Jewish banks, corporations, financial institutions, and individuals, who wish to support the aspirations of the state of Israel, and see it as a growing source of trade absorbing in particular substantial exports from the UK. Accordingly, the motivation of the investors in bonds is not exclusively political as suggested.

We would add that the investments that have been made in bonds, denominated as they are in U.S. dollars have proved extremely profitable for UK investors, who have enjoyed good returns on their capital linked with full security.

Gordon B. S. Hausmann
8-12 Brook Street, W1

Company law and inflation

From Mr R. Instone

Sir,—Published accounts, as you observe in your leading article of February 20, are not prepared for finance directors (who have or ought to have more sophisticated tools at their disposal), but for the ordinary users such as shareholders.

If only current-cost profits and not historic profits were to be lawfully distributable, what does the Accounting Standards Committee suppose would be the effect on pension funds and other shareholders who are dependent on their investment income? If the current cost reserve (however computed) is to become non-distributable, like a share premium account, the only beneficiaries of such austerity would be the company's creditors.

The fact is that so long as the medium of accounting is the £, and not an invented unit of purchasing power, a "true and fair view" of a company's profits and assets can only be expressed in those same £s, whatever their purchasing power. Anyone who wants to know what their real value is can do his own sums; why should he be force-fed?

Ralph Instone.
*7, New Square,
Lincolns Inn, W.C.2.*

FINANCIAL TIMES

Friday February 22 1985

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Sprinkel to head U.S. Council of Economic Advisers

By Stewart Fleming in Washington

PRESIDENT Ronald Reagan yesterday named Dr Beryl Sprinkel, the *dogmatic monetarist economist* who is currently Treasury Undersecretary for monetary affairs, to head the Council of Economic Advisers, the White House economic think-tank.

The decision removes a cloud of *uncertainty which has been hanging* over the council since last summer. Dr Martin Feldstein left his post as CEA chairman in July, after stirring up fierce political controversy as a result of his outspoken pleas for moves to cut the federal *budget deficit*.

Dr Feldstein was not replaced and there was even speculation that the White House would let the council languish indefinitely under a caretaker management to avoid the situation in which it could again become, as under Dr Feldstein, a platform for public statements which *cut across White House political* strategies.

Since the Congress created the council the White House on its own cannot dismantle it although in the past few months it has done the next best thing leaving the council without a chairman and with only one member instead of three. It is *understood that* Mr *William Niskanen*, the lone member, will be leaving. He had hoped to be appointed chairman.

Washington will detect in the appointment of Dr Sprinkel the hand of his former boss at the Treasury, Mr Donald Regan, who earlier this year in a switch with Mr James Baker, quit as Treasury Secretary and moved to the White House as the President's chief of staff.

Although in the opening months of the Reagan presidency in 1981 Mr Regan and Dr Sprinkel clashed as a result of Dr Sprinkel's too public advocacy of his economic views, Dr Sprinkel has subsequently lowered his public profile

- Dr Sprinkel's appointment raises several questions. One of course is who will replace him in the potentially influential job of undersecretary, a job which has involved Dr Sprinkel in the formulation of U.S. strategy on the international debt crisis as well as in diplomatic financial *relations with Americans* industrial allies.

Mr Baker's decision on his replacement will be watched for clues as to the new Treasury Secretary's economic views. Dr Sprinkel brought a strong monetarist voice to the formulation of the Treasury's economic judgements often to the *irritation of America's European* allies. Depending on who Mr Baker chooses as Mr Sprinkel's successor, the monetarist viewpoint could become less influential at the Treasury.

On the other hand, there will still *be two positions as members of the* council to be filled. It would come as no surprise to see economists of the monetarist persuasion appointed to them.

UK bid to curb health costs hits drug groups

BY CARLA RAPOPORT AND ANDREW ARENDS IN LONDON

BRITISH Government plans to cut its £1.4bn ($1.53bn) annual bill for drugs available at subsidised prices under the National Health Service might cripple the UK operations of *Hoffmann*-La *Roche*, the Swiss pharmaceuticals group.

The list of approved drugs presented yesterday by Mr Norman Fowler, Social Services Minister, had been modified from earlier proposals to ease the impact on UK *pharmaceutical companies, but did* not include any Roche-produced tranquilliser or hypnotic.

The drugs would theoretically remain available at the full price, but their exclusion from the list is likely to mean the loss of hundreds of jobs at *Roche's UK plant* at Welwyn, north west of London.

Under the scheme, doctors will still be able to supply any medicine to their patients, although they will now have to issue private, unsubsidised prescriptions for drugs not on the list.

The company to benefit most is Reckitt & Colman of the UK, which would have lost half its pharmaceutical sales under the original proposals. Most of its important products have been reinstated on the approved list.

According to the Government, *the modifications to the list* will reduce the potential savings from £100m to £75m a year.

Mr William Gerard, managing director of Roche UK, said last night: "We are considering the full implications of the list on the future conduct of *our business in this* country." No further statement, he said, would be made until officials had consulted Roche's workforce. It is believed that Roche will lose about 65 per cent of its drug sales in the UK, or about £30m in sales, and may have to cut as many as 300 jobs.

Examples of drugs to be eliminated from NHS prescribing	Estimated UK sales
Hoffmann-La Roche	
Mogadon	£6m
Valium	£5m
Librium	£2m
Dalmane	£7m
Warner-Lambert	
Benylin	£9m

Examples of drugs reprieved from original proposals	
Reckitt & Colman	
Gaviscon (antacid)	£6m
Fybogel (laxative)	£2m
Riker Laboratories	
Dorbanex (laxative)	£3m

Lilly and Wyeth, two U.S.-based companies that would have been badly hit by the Government's original plans, will not feel an immediate pinch from the modified list because no generic equivalents yet exist for their drugs, Distalgesic, *Lilly's best-selling pain-killer*, and Activan, Wyeth's tranquilliser. If the new list is approved, doctors prescribing the drugs will have to write out their full chemical names, but pharmacists will be allowed to dispense the brand-name products until a generic equivalent becomes available.

The drug industry and medical profession reacted angrily to the *modifications last night. Dr Michael* Wilson, head of the General Medical Services Committee of the British Medical Association, the doctors' pressure group, said doctors were now faced with a "bureaucratic nightmare."

The modified proposals contain both a white, or approved, list of drugs, and a black, or banned, list. The white list contains just over 100 products for seven categories of minor illnesses, ranging from antacids to cough remedies. The black list is *31* pages long, but contains many non-pharmaceutical products such *as safflower* seed oil.

"We have a farcical blacklist of drugs, a barely adequate white list and then we have drugs left unclassified," said Dr Wilson. He emphasised that the proposals would not allow doctors to meet the clinical needs of patients. "This must be seen as the first step toward cutting back patients' rights," he said.

Dr John Griffin, director of the Association of the British Pharmaceutical Industry, also attacked the Government, saying: "This shift in policy on *its limited* scheme makes an even greater political nonsense than when it was originally proposed."

He said the move was clearly toward generic substitution for brand-name drugs, which would lead to an export of jobs.

Drug industry executives and industry analysts were also sceptical about whether the Government could achieve savings of £75m with the modifications. Ian White, a drug analyst at W. Greenwell, the London stockbrokers, yesterday estimated that the revised list would save the Government only £30m to £40m.

The list was drafted by a committee headed by Dr Donald Acheson, *the Government's Chief Medical Officer.* Mr Fowler said the committee felt the list would meet all clinical needs and that all the drugs on the list conformed to legal standards.

He said the list would be revised as required, and that greater savings would be made as more generic drugs became available to replace the remaining brand-name drugs on the list.

Securities firms plan London financial alliances

By David Lascelles and John Moore in London

A NEW stage in the revolution in Britain's financial services was *reached in London yesterday* as National Westminster Bank and Mercury Securities, the parent company of merchant bank S.G. Warburg, outlined their plans for the creation of two large securities groups.

National Westminster said that it was forming an *investment* banking group comprised of Country bank, its merchant bank, stockbroker Fielding Newson-Smith, in which National Westminster has a 5 per cent stake, and stockjobber Bisgood Bishop, in which the bank has a 29.9 per cent *stake*.

National Westminster plans to set up a company dealing in international equities. As a further development in its plans *it* is to seek Bank of England approval for the new group to operate as a primary bond dealer in the restructured market for British Government Securities.

The group being assembled by *Mercury Securities*, parent company of S.G. Warburg, the merchant bank, will be called *Mercury* International Group (MIG), and will be divided into three parts.

The merchant group will consist mainly of S.G. Warburg *itself*. The *securities* group will include the three stock exchange firms with Warburg is linking: Akroyd & Smither, the jobbers, Rowe & Pitman, *the stockbrocker*, and *Mullens* & Co, the gilts brokers. This group will include the international dealership which has already been set up, and MIG's proposed operation in the gilt-edged market.

The third group will cover asset management and will have operations and management autonomy to prevent conflicts of interest.

In other moves yesterday Hoare Govett, one of the *largest* British stockbrokers, in which the Californian bank Security Pacific has a 29.9 per cent stake, announced that it was forming a joint venture with the Chicago-based investment research house Duff & Phelps.

Mr John Holmes, head of Hoare Govett's New York office who prompted the link with Duff & Phelps, said it was designed to provide a *comprehensive* "United States equity research and dealing *service for* the international investor in Europe."

At National Westminster the new investment banking group is to be called County Holdings and will be chaired by Mr Charles Villiers, chairman and chief executive of County Bank.

Mr Villiers said the new international equities company would be called County Securities and would *effectively be an international* dealership company as recognised by the London Stock Exchange. "We are recruiting actively and some dealers have approached us for posts with the new company."

See Lex

THE LEX COLUMN

Plessey at the X-roads

Last week, the gilt-edged market was crying out for a long-dated, *high-coupon stock from the Government* Broker. Instead it was offered another tranche of index-linked, which is not the same thing at all.

Yesterday it secured its revenge. The index-linked was less than fully taken up at the striking price, while the Kingdom of Spain's bulldog bond – which met the market criteria precisely – was oversubscribed about 14 times.

Plessey

The London market has been caught napping twice recently by Racal and STC, so by yesterday it had braced itself for a third stock from Plessey. As it turned out, the third-quarter profits, down 7 per cent *to* £40.57m, may have been a bit lacklustre but did not qualify as any kind of a shock. In fact, the sharep price jumped 10p after analysts had come out of their meeting with the company to close 16p up at 192p.

Initially, the prospects for Plessey do sound encouraging. Profits from System X *should* at last come on stream next year after a loss of over £5m for 1984-85. The product seems to have been more or less accepted by British Telecom after a series of frustrating delays. And losses from the Stromberg-Carlson subsidiary in the U.S. should be lower next year than in 1984.

So far, the image is of a company which has sacrificed short-term profits for a longer-term gain through heavy capital investment in new fields. But the question is whether the seedcorn will produce a good enough harvest.

Plessey should be guaranteed System X orders from BT for a dec*ade or more. But now that BT is* a private company, it has become a much tougher customer; as a monopoly buyer, it can demand low prices from its suppliers. Though Plessey's production of System X *should* increase rapidly over the next two years, its profits may well not rise in line.

Meanwhile, since the deregulation of the U.S. telecommunications market, everybody and his uncle is trying to sell exchanges to the new Bell companies. Plessey will have sunk $23m this year and $27m next into Stromberg-Carlson in the hope of future riches which may or may not be forthcoming.

As a result, the market is thoroughly divided in its view of where Plessey goes from here – and for all the group's protestations about its ample cash resources, any company that can absorb £200m in nine months is bound to set its shareholders thinking about a rights issue.

Dollar

Yesterday's absence of overt intervention by the Bundesbank fitted neatly into a roll-call of negative reasons why the dollar could yet again be pushed onwards, flirting with improbable rates against the D-mark – touching DM 3.37 – and knocking the pound down at times to less than $1.08.

As has occasionally happened before, the markets appear to have transformed a fairly neutral statement from Mr Volcker into the pretext for a definite tightening. *Confirmation* that the period of easier money was at an end was enough in itself to produce sagging bond prices in New York and to set short interest rates on an upward tack.

If that suggests a New York market on the defensive, it was also reacting – perhaps excessively – to a stiff reminder that Mr Volcker is *not proposing to finance the deficit* through the printing press.

Given a tendency to pessimism about the prospects for congressional *budget-cutting*, higher yields were only to be expected.

A large upward revision of the fourth-quarter GNP statistic only reinforced fears that the Fed was more likely to move interest rates up than down, and at present the dark side of such fears is increased confidence in the robustness of the *dollar*.

Coca-Cola

Coca-Cola makes more than half its operating profits overseas, so the world's largest producer of fizzy drinks has as much reason as any U.S. corporation to grumble about the effects of a strong dollar on its reported earnings. Yet to judge from yesterday's fourth-quarter results – which showed a 18 per cent increase in earnings per share to $4.76 – the group could make ends meet with the dollar at just about any level.

Coca-Cola's position is admittedly rather unusual, since the dollar-based content of its product is confined largely to drink concentrate. The water and the can are provided locally. It suffers with the rest of U.S. industry, however, from the damage caused by a strong dollar to translated earnings.

Unit volume fell 8 per cent in Europe and Africa in the latest quarter while operating profit fell at a greater rate than that. Like many U.S. companies, however, Coca-Cola sells heavily in dollar-based areas and profits from both Latin America and the Pacific region remain very strong.

Moreover, while the UK corporate sector was contending with a high pound at a time of depressed domestic demand, U.S. exporters enjoy the benefits of a flourishing *home market*. The thirsty U.S. consumer drank 10 per cent more Coca-Cola drinks last year than in 1983.

Striking miners lose support of other British trade unions

BY JOHN LLOYD IN LONDON

BRITAIN's National Union of Mineworkers (NUM) will fight on in the 50th week of its strike – but at the price of the loss of its allies in the Trades Union Congress (TUC).

The TUC's seven-man liaison group with the NUM, especially Mr *Norman Willis, the TUC general* secretary, are bitterly angered by what they see as at best folly, at worst calculated duplicity, of Mr Arthur Scargill the NUM president in first requesting, then spurning, their aid in achieving improvements in the National Coal Board's (NCB) proposals for a settlement.

On the *NUM's part there is* contempt for the TUC's endeavours. Mr Scargill said the TUC leaders had been "deceived by the NCB." The TUC general council, at its meeting next Wedensday, is expected to endorse a position of inactivity on the strike.

The NUM's isolation was further underscored by Mr Ken Sampey, president of the pit supervisors' union Nacods, who expressed himself content with the revised proposals which the TUC had obtained. Mr Sampey said the union would now "do nothing" – thus removing the lingering if slight possibility that it might use its considerable industrial strength to force concessions *from the board*.

The NUM's national delegate conference yesterday endorsed the decision taken on Wednesday by the *executive that* talks with the board should not restart on the basis of a non-negotiable draft agreement covering pit closures and a revised colliery review procedure – and pledged a renewed effort to bring out the miners again in the working *coalfields*.

Mr Peter Walker, the Energy Secretary, *told* the House of Commons hours after the delegate conference had taken its decision that prospects of talks were now over. He predicted that more than half Britain's 189,000 miners would be back at work within the next few days – the NCB now claims about 47 per cent.

He said: "There is no way that Mr Scargill's extreme and absurd demand are going to be met. I can only urge those *miners* still on *strike*, though deprived of a ballot, to return *swiftly* to *normal working*."

Mrs Margaret Thatcher, Prime Minister, *told journalists* at the end of her visit to Washington she was "*disappointed but not* depressed" by the outcome

The conference agreed that the amendments to the NCB's proposals submitted by the NUM at the weekend should form the basis for negotiations – a closing of ranks between Mr Scargill and his colleagues, since the president had *earlier opposed the amendments* as being too few and too mild.

The NCB claimed that 110 "new faces" reported for work yesterday, bringing the week's total so far to 1,725.

NUM fights on, Page 6

Sord Computer seeks a partner

Continued from Page 1

mation operation along Silicon Valley lines, with senior management of his own age group. Possessed of a keen eye for publicity, he scored a *notable coup in 1981* by luring away from Sony Mr Toshiaki Kamijo, the inventor of the Walkman.

Sord also had ground-breaking products. In 1972, it was the first Japanese company to develop a personal computer using large-scale in*tegrated circuits*; its Pips language, developed in 1979 and on the market two years later, bore some resemblance to Visicalc, but was the first Japanese spreadsheet software and, albeit briefly, quickly became the most popular personal computer programme in Japan.

Mr Shiina also had visions of cooperating with the U.S. Trilogy super-computer project, the brainchild of Dr Gene Amdahl. Coincidentally, it was reported earlier this week that Trilogy is now to all intents and purposes defunct.

Sord thrived until the giants of the computer industry turned to personal computers with a vengeance, *especially when price-cutting*, even in Japan, which prefers orderly markets, became rampant. Its current share of the domestic market is believed to be no more than 4 per cent.

Sord had particular problems of its own. It began to find itself short of chips, having no manufacturing facility (the aborted public issue last year was supposed in part to finance an integrated circuit plant). It was also hamstrung by the fact that Sord personal computers, until some very recent innovations, were incompatible with those of other makers; in effect they could only communicate with each other.

Sord's best year was 1983, when it said it earned about Y2bn on sales *of Y21bn. It forecast an improve*ment in 1984 estimating profits of Y3.7bn and sales of Y26bn, but late last year it revised these down sharply to an income of less than Y1bn and revenues of Y23bn. Final figures for the fiscal year, which *ended on Wednesday, are not* available.

The company's reputation for technological capabilities persists, which explains the interest of Toshiba, and possibly others. Toshiba, in particular, is intent on expanding *its office automation business*, in which Sord's expertise could be useful. It could also sell Sord personal computers through its extensive marketing network.

Thatcher sees no cure for $

Continued from Page 1

continue. No one could offer any sudden new answers.

The only fundamental thing, Mrs Thatcher *said*, was to reduce the size of the federal budget deficit, but the precise effect of that on the dollar was "very arguable." Britain could do very little about the impact on sterling and Mrs Thatcher refused to say whether interest rates would be changed again if there was further pressure on the pound.

In talks with cabinet members and congressional leaders, there was apparent agreement that the deficit had to come down.

But there was almost a fatalistic attitude about what could be done about the dollar despite the joint recognition of the problems it was causing both in the U.S. and the rest of the world.

New Zealand N-policy attacked

Continued from Page 1

ence pointed out that British ships were assigned to Nato and had to be ready to take up *alliance* assignments at any moment. She said that she was worried and disappointed by Mr Lange's policy, which earlier this month resulted in the exclusion of a U.S. destroyer from New Zealand after Washington refused *to say that it was not carrying* nuclear weapons.

She was, she said, less worried about anti-nuclear feelings in other Western countries. "I think we can get over most of those problems," she said.

*Mrs Thatcher expressed confi*dence that the U.S. and the Soviet Union now had a common interest in reducing their nuclear arsenals to maintain security with fewer weapons at less cost.

She again insisted that any possibility of deploying the new "star wars" defensive weapons planned by President Ronald Reagan was "many, many years away." There would, in any case, have to be negotiations before the weapons could be deployed.

In an *interview with the Financial Times* yesterday, Mr Lange firmly dismissed fears expressed by some U.S. officials that his country's refusal to allow American nuclear-powered and nuclear-armed ships into its ports was an "infection" that might spread to Australia, Japan and Europe.

"It is not a policy which was designed as some form of crusade of righteousness or destabilisation," he said.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	12	54	Dubrovnik	S	6	43	Malaga	C	14	57	Salzburg	C	-2	28
Algarve	F	10	50	Faro	R	11	52	Malta	C	12	54	Seoul	S	-5	23
Algiers	C	19	66	Florence	S	8	46	Manila	S	33	91	Singapore	C	33	91
Amsterdam	C	-3	27	Frankfurt	C	-3	27	Miami	C	25	77	Stockholm	S	-8	18
Athens	S	8	46	Funchal	C	15	59	Milan	S	3	37	Strasbourg	S	0	32
Bahrain	S	22	72	Geneva	S	-3	27	Moscow	S	-9	16	Sydney	C	25	77
Bangkok	S	34	93	Gibraltar	C	13	55	Munich	C	-1	30	Taipei	R	15	59
Barcelona	R	7	45	Guernsey	S	6	43	Nairobi	-	—	—	Tangier	R	15	59
Beirut	F	9	48	Helsinki	S	-13	9	Naples	S	9	48	Tehran	-	—	—
Belgrade	S	-3	27	H. Kong	R	13	55	New Delhi	S	27	81	Tel Aviv	R	12	54
Berlin	Sn	0	32	Innsbruck	S	0	32	New York	S	8	46	Tenerife	-	—	—
Biarritz	S	11	52	Inverness	S	9	48	Nice	C	9	48	Tokyo	S	14	57
Blackpool	C	7	45	Istanbul	F	-2	28	Oporto	S	13	55	Toronto	C	4	39
Bordeaux	S	7	45	Jersey	S	6	43	Oslo	C	-5	23	Tunis	C	13	55
Brussels	C	3	37	Jo'burg	C	25	77	Paris	S	5	41	Valencia	R	8	46
Budapest	S	-3	27	Las Palmas	F	19	66	Prague	F	-1	30	Venice	S	4	39
B. Aires	C	34	93	Lima	S	26	79	Reykjavik	C	1	34	Vienna	F	0	32
Cairo	C	19	66	Lisbon	C	10	50	Rio de J'o	C	39	102	Warsaw	S	-5	23
Cape Town	-	—	—	Locarno	F	3	37	Rome	F	11	52	Zurich	S	-4	25
Caracas	C	27	81	London	C	5	41								
Casablanca	C	14	57	Los Angeles	S	17	63								
Copenhagen	C	-3	27	Luxembourg	F	1	34								
Corfu	S	11	52	Madrid	C	4	39								
Dublin	C	8	46	Majorca	C	12	54								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Snow Report

EUROPE

Andermatt (Sw.)	70–120 cm	All top runs excellent *snow*
Andorra	25– 70 cm	Becoming icy on lower slopes
Courmayeur (It.)	160–340 cm	Excellent skiing everwhere
Cr.-Montana (Sw.)	59–150 cm	Good snow on upper slopes
Flaine (Fr.)	94–355 cm	Good skiing on all slopes
Gstaad (Sw.)	90–*190* cm	Superb skiing on piste
Igls (Au.)	10– 70 cm	Good skiing on upper runs
Klosters (Sw.)	40–190 cm	Hard pistes and ideal weather
La Plagne (Fr.)	110–210 cm	South facing slopes icy
Mürren (Sw.)	80–220 cm	Worn patches on lower slopes.
St. Anton (Au.)	35–260 cm	Good skiing on upper slopes
St. Moritz (Sw.)	50–120 cm	Sunshine skiing on hard pack
Tignes (Fr.)	125–180 cm	Good *piste skiing*
Wengen (Sw.)	100–160 cm	Good skiing on all runs

European reports from Ski Club of Great Britain representatives.

THE U.S.

Aspen (Col.)	19– 49 ins.	Packed powder; 98% runs open

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Coca-Cola advances but warns of dollar's impact

BY WILLIAM HALL IN NEW YORK

COCA-COLA, the world's largest soft drinks manufacturer, yesterday reported higher fourth-quarter and full-year earnings, buoyed by a 6 per cent increase in worldwide unit volumes and the continued success of Diet Coke in the U.S.

The group said it was "optimistic" about prospects in 1985, but warned that "dollar earnings growth, particularly in the first and second quarters, will be moderated if the U.S. dollar remains at the very high current levels against key foreign currencies."

In the 1984 final quarter, Coca-Cola reported net earnings of $130.45m or $1 a share, compared with net earnings from continuing operations of $120.3m in the year-ago period, before a $4.3m gain made final net earnings of $124.6m or 91 cents a share. Revenues increased by 3 per cent to $1.78bn from $1.73bn.

The final-quarter results lifted full-year net earnings to $628.8m or $4.76 a share from $558.8m or $4.1 a share on revenues that grew by 7.8 per cent to $7.36bn from $6.83bn.

Coca-Cola said worldwide soft-drink unit volume increased by 6 per cent last year led by the U.S., where volume grew by 10 per cent. The company said its U.S. operations, which include its soft-drinks division, food and entertainment, reported a 10 per cent rise in operating income last year. The group partly attributed the volume rise in U.S. soft-drink sales to the continued success of Diet Coke and the improved performance of Sprite.

Coca-Cola said the operating income of its international operations grew by 3 per cent in 1984, but was flat in the fourth quarter.

Overseas unit volume grew by 4 per cent in both periods despite a 59 per cent decline in Nigeria which the company blamed on "government import restrictions."

● Coca-Cola and IBM, which left India seven years ago because of Government-imposed restrictions, are seeking to return to take advantage of the country's improved business climate, Reuter reports from New Delhi.

"Both IBM and Coca-Cola have been looking for opportunities to renew business activities in India," Mr Edward R. Stempf, a U.S. embassy commercial counsellor, said at an exhibition of U.S. electronic technology. The two companies left India after the coalition Government that came to power in 1977 decreed that foreign companies could own no more than 40 per cent of their Indian subsidiaries' shares. The Government also ordered foreign companies to disclose the ingredients of their products.

IBM refused to reduce equity participation in its Indian subsidiary and Coca-Cola said it was not willing to publish its ingredients because that would reveal its secret formula.

Lex, Page 18

Hunt brothers' sugar operation faces mounting debt problems

DALLAS – Hunt International Resources, the sugar refining group which is a key segment of the financial empire of Nelson Bunker and W. Herbert Hunt of Dallas, is in deteriorating financial condition, according to the company's annual report filed with the Securities and Exchange Commission.

For the three years ending last September 30, the company experienced losses of more than $210m and had a working capital deficit of $291m on September 30, according to the filing.

Hunt International said it was selling assets to help deal with its financial difficulties.

The company, headquartered in Dallas, is not publicly traded. Its stock is privately held by Planet Investment, whose stock is in turn pledged to the Hunt brothers to secure payment of a promissory note purchased by the Hunts from Manufacturers Hanover Trust last year.

The company said it was in default under most of the debt agreements entered into by the company and its subsidiaries.

It said its debt situation was complicated by the filing under Chapter 7 of the Federal Bankruptcy Code by four of its subsidiaries.

The company said it was in default on about $295m on debts as of September 30. It added that it did not expect cash flow from operations to be sufficient to service or repay that debt as it was presently structured.

The company and its subsidiaries were also the target of several law suits last year alleging default on outside debt and other financial and legal irregularities.

The company said it was owed $37.9m by its parent company, Planet Investment.

Peat, Marwick, Mitchell, auditors qualified Hunt International's financial statements because of the uncertainty surrounding the payment of this obligation as well as other uncertainties surrounding the company's future finances.

The Hunts have in the past said they are not legally liable for the $37.9m owed by Planet. Reuter

Setback for big Danish banks

By Hilary Barnes in Copenhagen

THREE of Denmark's largest banks have each achieved substantial increases in operating profits but suffered sharp reductions in net earnings.

Danske Bank, with a group balance-sheet total that increased by 27 per cent to DKr 105bn ($8.8bn) reported an increase in earnings after depreciation and provisions from DKr 153m to DKr 467m. The bank proposed an unchanged 15 per cent dividend and a DKr 200m share issue at market price, increasing its nominal share capital from DKr 300m to DKr 500m. The issue, for which no date was indicated, will raise around DKr 600m in cash.

The year-end value of the bank's securities portfolio increased by DKr 36m compared with an increase of DKr 2.49bn in 1983. Net profits were down from DKr 1.6bn to DKr 344m.

Privatbanken, the third largest bank, with a balance-sheet total of DKr 66.9bn, increased earnings after depreciation and provisions to DKr 216m compared with a loss of DKr 265m in 1983. Net profits were down from DKr 1.3bn to DKr 85m following a decline in the portfolio value of DKr 95m compared with an increase of DKr 2.4bn in 1983. The dividend will be an unchanged 15 per cent.

Jyske Bank, which has shown an exceptional growth record over the past few years, proposed an unchanged 20 per cent dividend after increasing earnings after depreciation and provisions to DKr 221m from a loss in 1983 of DKr 285m. There was a DKr 197m loss on the portfolio adjustment compared with a 1983 gain of DKr 1.7bn.

Net profits were down from DKr 912m to DKr 53m. The balance-sheet total increased by 20 per cent to DKr 28.6bn.

Intra group row could threaten aid to Lebanon

BY RICHARD JOHNS IN BEIRUT

DIFFERENCES between Lebanese and Gulf shareholders, particular those of Kuwait, in the Intra Investment Company might boil over as a result of plans by Mr Roger Tamraz, chairman and chief executive, to expand its banking interests in Beirut, and a recent property purchase.

A board meeting to be held today will discuss the acquisition of a large office building in West Beirut – already completed – and the state of negotiations for the take-over of all or part of the operations of three Lebanese banks through Bank Almashrek, which is 84 per cent owned by Intra.

It is understood that directors representing the three Gulf institutional shareholders, which have complained over the past year about not being properly consulted by the management and also about Mr Tamraz's dashing entrepreneurial style, will not be present at the meeting. The Gulf stakes in the concern (formed after the 1966 Intra Bank crash) are held by the Kuwait Government (19 per cent), the National Bank of Kuwait (4 per cent) and the Qatar Government (3 per cent). The Lebanese Government and central bank have a 41 per cent interest, with private shareholders owning the balance.

The row, it if escalates, might reduce Lebanon's chances of receiving much needed aid from the Gulf states. Saudi Arabia is reliably said to have included among its conditions for making finance available the dismissal of Mr Tamraz from his senior posts in Intra and Bank Almashrek.

Mr Tamraz, who is also chairman and chief executive of Bank Almashrek, confirmed to the Financial Times that the purchase of the Liberty Building in West Beirut had been finalised at a cost of L£100m ($6.95m) payable in a lump sum in two years' time – less than the mainly Saudi group of speculators who now own the building paid for it just over a year ago to Moscow Narodny Bank.

Mr Tamraz, a 44-year-old, Cairo-born Lebanese entrepreneur also confirmed that Bank Almashrek was bidding for the bulk of the assets of Deak-Perera, troubled U.S. foreign exchange and precious metals concern.

He also acknowledged that Bank Almashrek was interested in expanding in Lebanon but declined to say which banks it was talking to.

According to well informed bankers in Beirut, however, Bank Almashrek's negotiations involve Société Nouvelle de la Banque de Syrie et du Liban (seventh largest at the end of 1983 with a balance sheet of L£1.98bn), Banque de L'Industrie et du Travail (18th at L£1.64bn), and the local operations of Chartered Bank of the UK (79th at L£87.9m). At the end of 1983 Bank Almashrek was 15th largest with a balance sheet worth L£1.80bn.

Bank Almashrek is also in the final stages of completing the takeover of First Phoenicia Bank, which has been in central bank custodianship since its rescue at a cost of L£800m in 1983.

A decision is expected soon by Mr Camille Chamoun, the Finance Minister, and Dr Edmond Naim, the governor of the central bank.

Under the deal in prospect, money pumped into First Phoenicia by the central bank would be repaid by Bank Almashrek over 10 years, according to Mr Tamraz.

Gulf and, in particular, Kuwaiti differences with the Lebanese Government go back to the appointment of Mr Tamraz to top positions at Intra in August 1983 at the behest of President Amin Gemayel, a close associate, and in December of that year to the head of Bank Almashrek.

Chevron sells Italian subsidiary

BY JAMES BUXTON IN ROME

CHEVRON, the U.S. oil company, said yesterday that it was in the final stages of negotiating the sale of its Italian refining and distribution subsidiary to First Arabian Corporation, a Saudi-backed concern headed by Mr Roger Tamraz which already has some involvement in the Italian market.

The U.S. company said it expected to conclude in the future the transfer of 2,000 marketing outlets and stakes in two refineries to First Arabian.

Financial details were not released but Chevron said the deal would safeguard the jobs of all its 780 employees in Italy.

First Arabian bought Amoco's Italian operation from Standard Oil of Indiana in 1983. If the purchase of Chevron's interests goes through, its Italian subsidiary Tam Oil would have more than 7 per cent of the Italian petroleum products market.

The deal would be the third in two years under which the Italian operations of a U.S. oil major have passed to Arab interests. Apart from the Tam Oil purchase, Gulf's Italian operations were sold to the Kuwait Petroleum Corporation last year.

Chevron itself sold most of its operations in northern Europe to Texaco in 1983, but did not then dispose of its stake in the generally unprofitable Italian market.

Chevron's Italian operations include stakes of more than 20 per cent in refineries near Rome and Milan.

Asea lifts earnings by 18% in year

By David Brown in Stockholm

ASEA, the Swedish electrical engineering and electronics group, reports an 18 per cent rise in profits before tax and allocations to SKr 2.23bn ($238m) for 1984, boosted by higher sales volume and interest income.

The group is to raise the dividend from SKr 6 to SKr 7 a share, after receiving government approval.

Sales climbed by 19.4 per cent to SKr 36.1bn, helped particularly by strong economies in Sweden and the U.S. Asea also reported a substantial rise in sales to China and India.

Operating results after depreciation rose 11 per cent to SKr 2.28bn because a greater proportion of turnover was generated by the relatively less profitable trading activities. Earnings remained low in the industrial equipment sector, but several recent large orders are expected to improve prospects in that area.

Asea's SKr 7bn cash and liquid assets generated interest earnings which brought net financial items into the black at SKr 150m, compared with a loss of SKr 30m last year and boosted the result after financial items to SKr 2.43bn.

Extraordinary costs were SKr 199m, an increase of SKr 78m. Earnings per share after estimated tax were put at SKr 29.60, against SKr 24.70 the previous year. Return on equity rose from 15.8 per cent to 16.9 per cent, and return on capital employed from 20.6 per cent to 22.7 per cent.

Fläkt, the ventilation and pollution-control equipment subsidiary, lifted sales by 17 per cent to SKr 8.96bn and pre-tax profits by 21 per cent to SKr 249m largely because of better financial and extraordinary income.

Asea expects an improvement, after financial items, for the group as a whole in 1985, although sales are expected to grow more slowly

1	782	1566	2646	2788	3612	4197	4607	5744	6744	7527	8028	8540	9964	11249	14271	17020
2	783	1567	2647	2789	3613	4198	4608	5745	6745	7532	8029	8541	9965	11250	14272	17033
3	784	1568	2648	2790	3614	4199	4609	5746	6749	7533	8030	8542	9973	11302	14273	17040
4	869	1569	2649	2791	3615	4200	4610	5747	6750	7534	8031	8543	9974	11303	14274	17061
5	870	1570	2650	2792	3616	4243	4611	5781	6751	7535	8032	8544	9975	11304	14275	17072
6	871	1571	2651	2793	3756	4244	4612	5782	6752	7686	8033	8545	9976	11305	14643	17081
7	872	1749	2652	2794	3757	4245	4633	5783	6753	7687	8034	8546	9977	11306	14644	17089
8	873	1750	2653	2795	3758	4246	4635	5784	6754	7688	8035	8547	9980	11471	14645	17098
28	874	1751	2654	2796	3759	4247	4636	5785	6755	7689	8074	8548	9983	11472	14646	17128
29	903	1752	2677	2797	3760	4248	4646	5810	6756	7690	8075	8549	9984	11473	14647	17168
30	904	1753	2678	2798	3761	4249	4647	5811	6757	7691	8076	8550	9985	11474	14740	17230
31	905	1761	2679	2799	3762	4250	4648	5812	6758	7692	8077	8594	9986	11475	14741	17359
32	906	2528	2680	2841	3763	4282	4649	5813	6986	7693	8078	8595	9987	11522	14742	17396
33	919	2530	2681	2842	3764	4283	4650	5814	6987	7694	8079	8596	9988	11523	14743	17422
34	920	2531	2682	2843	3765	4284	4651	5886	6988	7695	8080	8597	9989	11524	14744	17525
35	921	2532	2683	2844	3816	4285	4652	5887	6989	7741	8081	8598	9990	11525	14947	17639
36	922	2533	2684	2845	3817	4286	4653	5888	6990	7742	8082	8599	9991	11526	14948	17701
37	923	2534	2685	2846	3818	4287	4654	5913	6991	7747	8083	8600	9992	12191	14949	17751
38	924	2535	2686	2847	3819	4391	4655	5914	7246	7769	8084	8606	9999	12192	14950	17810
39	967	2536	2687	2848	3820	4392	4657	5915	7247	7770	8085	8607	10000	12193	14951	17875
40	968	2537	2688	2849	3821	4393	4659	5959	7248	7771	8086	8608	10001	12194	15023	17915
60	969	2538	2689	2850	3822	4394	5111	5960	7249	7772	8088	8609	10002	12195	15024	17939
61	1002	2539	2690	2851	3823	4395	5112	5961	7250	7773	8089	8610	10003	12211	15025	17976
62	1003	2540	2691	2852	3824	4396	5113	5983	7251	7774	8312	8696	10004	12212	15026	18010
63	1004	2541	2692	2853	3825	4397	5114	6007	7252	7775	8318	8729	10005	12213	15027	18038
82	1005	2542	2693	2854	3826	4398	5115	6008	7253	7776	8319	8730	10006	12214	15088	18060
83	1006	2543	2694	2855	3827	4399	5142	6009	7254	7777	8340	8781	10007	12215	15089	18085
84	1007	2544	2695	2856	3828	4400	5143	6010	7255	7778	8458	8782	10008	12642	15090	18091
112	1008	2545	2696	2857	3829	4451	5144	6011	7256	7779	8459	8783	10009	12643	15091	18099
113	1009	2546	2697	2858	3830	4452	5145	6012	7257	7780	8460	8784	10010	12644	15092	18109
123	1022	2547	2698	2859	3831	4453	5146	6013	7258	7781	8461	8785	10046	12645	15155	18120
124	1023	2548	2700	2860	3832	4454	5156	6014	7259	7783	8462	8786	10047	12727	15156	18128
125	1024	2549	2701	2861	3934	4455	5157	6015	7260	7784	8463	8787	10048	12728	15157	18137
126	1025	2550	2702	2862	3935	4456	5158	6016	7261	7785	8464	8788	10049	12729	15158	18156
127	1026	2593	2718	2863	3985	4457	5159	6017	7262	7786	8465	8789	10050	12730	15160	18169
149	1130	2594	2719	2864	3986	4458	5160	6018	7263	7787	8466	8790	10051	12731	15301	18180
150	1144	2595	2720	2865	3987	4459	5175	6019	7264	7788	8467	9826	10052	12842	15302	18185
151	1145	2596	2721	3455	3988	4460	5176	6020	7265	7789	8468	9827	10053	12843	15303	18207
153	1146	2597	2722	3456	3989	4501	5177	6021	7266	7790	8469	9828	10054	12844	15304	18270
162	1147	2598	2723	3457	3990	4502	5178	6022	7267	7791	8470	9829	10055	12906	15305	18301
163	1148	2599	2724	3458	4001	4503	5179	6023	7268	7792	8471	9830	10056	12907	15363	18417
164	1149	2600	2725	3489	4002	4504	5180	6024	7270	7793	8472	9831	10057	12923	15364	18606
165	1150	2601	2726	3490	4003	4505	5186	6025	7346	7794	8473	9832	10058	13001	15365	18607
196	1200	2602	2727	3491	4004	4506	5188	6026	7347	7799	8475	9833	10059	13004	15366	18721
197	1201	2603	2728	3492	4005	4507	5189	6028	7348	7800	8476	9834	10060	13007	15367	18806
243	1202	2604	2729	3493	4006	4508	5190	6029	7349	7802	8477	9835	10061	13009	16361	18887
244	1203	2605	2730	3494	4007	4509	5345	6030	7350	7803	8478	9836	10132	13011	16362	18902
245	1204	2606	2731	3495	4008	4510	5346	6031	7352	7809	8479	9837	10133	13014	16379	18955
299	1240	2607	2732	3496	4009	4551	5347	6032	7353	7910	8480	9838	10134	13037	16380	19001
300	1241	2608	2733	3497	4010	4552	5348	6333	7354	7911	8481	9840	10135	13050	16381	19040
319	1242	2609	2734	3498	4011	4553	5367	6336	7355	7912	8482	9841	10136	13072	16448	19116
359	1243	2610	2735	3499	4012	4554	5368	6337	7356	7913	8483	9842	10137	13098	16449	19167
360	1244	2611	2736	3500	4013	4555	5369	6338	7396	7914	8484	9843	10138	13114	16450	19210
361	1245	2612	2737	3507	4014	4556	5370	6339	7397	7915	8485	9844	10139	13128	16521	19288
362	1246	2613	2738	3508	4015	4557	5371	6506	7398	7916	8486	9845	10647	13142	16522	19328
640	1247	2614	2739	3509	4016	4558	5372	6507	7399	7917	8487	9846	10648	13151	16663	19373
641	1248	2630	2740	3551	4017	4559	5408	6508	7416	7918	8488	9847	10649	13164	16664	19412
642	1262	2631	2741	3552	4018	4560	5409	6509	7417	7919	8489	9848	10650	13182	16665	19445
668	1290	2632	2742	3553	4019	4561	5410	6511	7422	7920	8490	9849	10651	13191	16666	19569
669	1296	2633	2775	3554	4020	4562	5411	6515	7423	7921	8510	9850	10652	13202	16667	19603
670	1300	2634	2776	3555	4021	4563	5412	6516	7424	7923	8511	9851	10653	13215	16668	
671	1301	2635	2777	3556	4022	4564	5413	6517	7476	7924	8512	9852	10654	13231	16729	
677	1375	2636	2778	3602	4043	4565	5414	6518	7477	7925	8513	9853	10655	13248	16730	
678	1376	2637	2779	3603	4044	4566	5415	6519	7502	7993	8514	9854	11113	13254	16731	
769	1502	2638	2780	3604	4045	4567	5563	6520	7503	8020	8515	9856	11126	13272	16841	
770	1543	2639	2781	3605	4112	4587	5584	6521	7504	8021	8516	9857	11127	13285	16842	
771	1560	2640	2782	3606	4113	4588	5587	6522	7505	8022	8517	9858	11128	13289	16843	
772	1561	2641	2783	3607	4114	4589	5588	6736	7506	8023	8518	9859	11129	14226	16951	
773	1562	2642	2784	3608	4115	4603	5589	6737	7507	8024	8519	9860	11130	14227	16952	
774	1563	2643	2785	3609	4194	4604	5590	6738	7508	8025	8520	9861	11246	14228	16953	
775	1564	2644	2786	3610	4195	4605	5591	6739	7509	8026	8521	9862	11247	14229	17001	
781	1565	2645	2787	3611	4196	4606	5743	6740	7510	8027	8522	9863	11248	14230	17005	

Arco set to develop Java Sea field

By Our New York Staff

ATLANTIC RICHFIELD, the Los Angeles-based oil company, is to go ahead with the $660m development of the Bima oil field in the Java Sea, some 60 miles north of Jakarta, the Indonesian capital.

The Bima field was discovered in November 1983 and after the drilling of 19 exploratory wells has estimated recoverable reserves of 100m to 150m barrels of oil, with 1bn barrels of oil in place.

The first phase of the development production, at the rate of 50,000 barrels a day, will begin late next year. Phase two, now in the early planning stage, could increase production to 85,000 b/d.

Atlantic Richfield Indonesia has a 16 per cent stake in the Bima project and is operator for a group of companies holding a production-sharing contract with Pertamina, the Indonesian-owned state oil company.

Diamond Shamrock has a 34.27 per cent stake in the project, Reading and Bates International a 7.25 per cent stake, Deminex 5 per cent and the balance is held by C. Itoh Energy Development, Warrior Minyak, and Tidewater.

Atlantic Richfield and Pertamina are this week commemorating 500m barrels of production from Indonesia's Java Sea since 1971. Atlantic Richfield is producing about 187,000 barrels a day from the Java Sea.

Texaco Canada increases share offering

By Our Financial Staff

TEXACO, the third largest U.S. oil group, has increased the size of its public offering in Canada of stock in Texaco Canada Inc. to 14m shares from the previously announced 12m. It has agreed to sell that increased amount to an underwriting syndicate at C$34.60 a share.

The aggregate sale price is C$484.4m ($361m).

The move follows strong interest from individual Canadian investors. The offer, which is not available in the U.S. or to U.S. citizens or residents, is the largest of a Canadian company ever sold in the Canadian market.

Including the acquisition of Canadian Reserve Oil and Gas, approved by the Canadian Government on February 7, Texaco Canada's total assets now exceed C$3.6bn.

INTL. COMPANIES & FINANCE

Swiss Rey group aims for banking expansion

WERNER K. REY, the Swiss financier, has been in and out of the headlines ever since his surprise takeover of the Bally shoe concern in 1977. Although he sold the company shortly afterwards, Mr Rey soon began to build up a permanent — and highly diversified — corporate empire. This is now being expanded further by the purchase of the Swiss-based Phibrobank from Philipp Brothers, the comodity trading arm of Phibro-Salomon of the U.S.

The first of Mr Rey's financial services activities was the Hamburger Handelsbank, a German private bank which he bought in 1983. This was a modest acquisition, its assets amounting to about DM 150m ($45m). But the fact that the seller was the Hoffmann-La Roche group showed that Mr Rey, for long an outsider within the Swiss business community, had been accepted by the establishment.

The bank acted as a spring board for the subsequent creation of a financial services arm. Mr Rey has already built up a sizeable industrial

John Wicks reports on the latest deal by Swiss financier Werner K. Rey

operation, centred on Selve, a metal works, Inspectorate International, a quality-inspection and consulting engineering firm.

Mr Rey's next foray into banking was less of a success. At the start of last year he bid for a 26 per cent stake in Beverly Hills Savings and Loan, a Californian bank specialising in property finance with assets of $1.8bn. The deal foundered on the opposition of other shareholders. Mr Rey retains a stake of 9.8 per cent.

Meanwhile other developments were under way. Omni Finance was set up in Zurich to provide corporate and project

Werner K. Rey: building up a diversified corporate empire

finance consultancy services. It has a real estate investment unit, Omni Property which has an office in New York

Omni Finance also has a computer brokerage and leasing company with operations in Italy and the UK.

Last year the Phibro-Salomon concern began to think about disposing of its bank in Zug, which has a London branch.

The deal with Phibro-Salomon adds a bank with a 1984 balance sheet of over SwFr 530m ($188m) to the Rey empire—and even this is only a rough guide to the real size of Phibrobank, much of whose business is in non-interest activities. Admittedly, the bank is not currently very profitable. Net earnings fell from SwFr 4.85m to SwFr 2.5m last year.

However, this seems to have been the result in part of the five or six months of uncertainty before a buyer was finally found. Mr Brian McHugo, managing director of Omni Finance, expects profitability of Phibrobank to improve rapidly.

Phibrobank, whose main activities have been portfolio management, international trade financing and foreign exchange, is to keep the emphasis on fee-earning rather than interest-bearing operations, says Mr McHugo.

Credit Suisse lifts payout following 19% profits gain

BY JOHN WICKS IN ZURICH

CREDIT SUISSE *plans a dividend increase following a 19 per cent improvement in net profits for last year to SwFr 417m ($148m). This took place despite a rise of 8.8 per cent in "losses, depreciation and provisions" to SwFr 445.3m.*

Mr Robert Jaker, the management chairman, *said yesterday that the bank reckoned with a further improvement in 1985.*

Credit Suisse is to recommend gross dividend payments of SwFr 100 per bearer share and SwFr 20 per registered share, compared with SwFr 94 and SwFr 18.80 respectively for 1983.

The increase in net profits was due largely to higher net interest and letter-of-credit earnings totalling SwFr 728.2m, against SwFr 635.8m, and net commission income up from SwFr 663.4m to SwFr 732.3m.

Elsewhere, income from foreign exchange and precious metals dealing showed a slight decline ot SwFr 264.3m, while that from securities, participations and other sources rose 10 per cent to SwFr 461m.

The balance-sheet total expanded by 9 per cent over the year to SwFr 84bn, about one-half of this growth due to the stronger dollar exchange rate.

Mr Jaker said that the balance-sheet total is likely to grow by several billion Swiss francs again this year, though this would not necessarily call *for an increase in share capital.*

Credit Suisse, which recently took a stake in London stockbroker Buckmaster and Moore, is the first of Switzerland's big three commercial banks to report 1984 results.

German leasing company faces DM 1.9bn losses

BY JOHN DAVIES IN FRANKFURT

THE BANK shareholders in Deutsche Anlagen - Leasing (DAL), the West German leasing concern, *face* a larger burden than earlier expected as a result of DAL's financial troubles.

DAL's losses and write-offs are thought now to total about DM 1.9bn ($570.5m), although the definitive figure is unlikely to be disclosed until after the bank shareholders have received a report from the examining auditors.

The losses and write-offs on DAL's 1982 results amounted to DM 256m, of which DM 224m had to be met by the leasing group's owners. The figure for 1983 *has steadily risen as problems have emerged.*

DAL is owned by Westdeutsche Landesbank (30 per cent), Landesbank Rheinland-Pfalz (26.6 per cent), Bayerische Landesbank and Hessische Landesbank (each 16.7 per cent) and Dresdner Bank (10 per cent).

Herr Andreas Stephan, head of a co-operative bank leasing concern, is to take over as DAL's *new chief executive in May.* He succeeds Professor Hans Wielens.

Allianz drops SA deal

BY JONATHAN CARR IN FRANKFURT

ALLIANZ, West eGrmany's biggest insurance concern, has dropped tis efforts to acquire AA Mutual, *the South African* insurance company controlled by Kirsh Industries, a privately-owned group.

Allianz said that after initial contacts, AA Mutual had made clear it "would prefer to remain as at present constituted." As a result no further talks would be held.

Acquisition of AA Mutual with a premium income more than $350m or about DM 600m, would have given Allianz a far stronger presence on the South African market.

The German concern is already represented theer by three companies.

PKbanken earnings slip

PKBANKEN, the State-owned commercial bank which ranks among Sweden's top three lending institutions, reports a 14 per cent decline in 1984 operating results to SKr 1.09bn ($116m) but says results will improve this year, writes David Brown in Stockholm.

Operating income for the entire PKbanken group fell 10 per cent to SKr 1.29bn, in line with its forecast at the eight-month stage. Total income grew by 3 per cent to SKr 3.5bn, with a drop in interest income being more than offset by sharply higher commission fees.

An unchanged dividend of SKr 4 a share is proposed.

U.S. group in Spanish glassmaker deal

By David White in Madrid

GUARDIAN *INDUSTRIES of* the U.S. has obtained authorisation from the Spanish government to take majority control of Vidrierias de LLodio, Spain's largest independent glassmaker.

The takeover plan, which has gone through ups and downs in the last few years, is aimed at *enabling the company to stand* up to the domination in the Spnaish glass market by Saint Gobain, the French state-owned group.

The approval follows a deal by Guardian a year ago to take 48 per cent of the company, the only major concern in the *Industry not controlled by Saint* Gobain.

A new float glass unit at Vidrierias de Llodio is scheduled to start operating in August, representing an investment of Pta 6bn ($33m).

The Guardian agreement values the company at Pta 7.1bn, or more than ane and a half times is nominal capital of Pta 4.6bn.

The U.S. group has up to the end of 1987 to exercise its option to assume up to 100 per cent control. Three years ago it pulled out of an earlier plan to acquire the company.

The investment is one of the largest made by a foreign company in the politically-troubled Spanish Basque region in recent years.

CIR turnover

The 1984 turnover of CIR, the Italian manufacturing and investment holding company, was L330bn, and not L30bn as reported yesterday.

N. AMERICAN QUARTERLY RESULTS

CANADIAN TIRE
Tyremaker, rubber products

Fourth quarter	1984 C$	1983 C$
Revenue	527.5m	504.8m
Net profits	†3.2m	12.3m
Net per share	†0.04	0.16
Year		
Revenue	2.11bn	1.90bn
Net profits	26.7m	40.4m
Net per share	0.35	0.46

†Loss

FORD CANADA
Motor manufacturer

Fourth quarter	1984 C$	1983 C$
Revenue	3.40bn	3.90bn
Net profits	146.3m	84.5m
Net per share	17.63	10.19
Year		
Revenue	12.1bn	8.59bn
Net profits	433.5m	152.6m
Net per share	52.25	18.40

THE LIMITED INC.
Women's clothing mail order

Fourth quarter	1984 $	1983 $
Revenue	433.7m	312.3m
Net profits	35.6m	24.3m
Net per share	0.55	0.40
Year		
Revenue	1.34bn	1.09bn
Net profits	92.5m	70.9m
Net per share	1.54	1.18

CHESEBROUGH-POND'S
Cosmetics, consumer products

Fourth quarter	1984 $	1983 $
Revenue	465.8m	433.7m
Net profits	35.6m	29.8m
Net per share	1.07	0.84
Year		
Revenue	1.86bn	1.68bn
Net profits	118.5m	127.9m
Net per share	3.40	3.58

JWT GROUP
Advertising PR

Fourth quarter	1984 $	1983 $
Revenue	143.2m	131.6m
Net profits	5.8m	6.5m
Net per share	0.83	0.72
Year		
Revenue	518.9m	486.2m
Net profits	20.8m	17.6m
Net per share	2.34	2.02

LOEWS' CORPORATION
Cigarettes, insurance, finance, hotels

Fourth quarter	1984 $	1983 $
Revenue	1.49bn	1.37bn
Net profits	122.1m	79.3m
Net per share	1.50	0.97
Year		
Revenue	5.60bn	5.28bn
Net profits	304.3m	292.6m
Net per share	3.73	3.59

Why multinationals seeking to buy or sell a company should begin at The Morgan Bank

Shown in Paris are three Morgan bankers who handle European merger and acquisition assignments. From left, Georges van Erck, London, and Frank Beelitz, New York; Terence Eccles heads the bank's European Financial Analysis group.

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☐ Morgan doesn't just do deals. Our M&A advice is objective, because our views of any transaction are based on your company's long-term best interests. We're in it with you all the way.

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INTL. COMPANIES & FINANCE

Trust Bank resumes dividend payments after seven years

BY JIM JONES IN JOHANNESBURG

TRUST BANK, South Africa's fifth largest banking company, has resumed ordinary dividend payments after a break of seven years. The bank has declared an interim ordinary dividend of 4.5 cents from first-half earnings of 15.8 cents a share.

Trust does not fully disclose its profit figures, but has declared an interim net income of R21m ($10.5m) after tax and transfers to inner reserves for the six months ended December 31 1984.

Disclosed net income was R20.5m in the corresponding period of 1983 and a total of R42.9m was disclosed for the financial year to June 30 1984. Dr Chris Van Wyk, managing director, says the disclosed income reflects the longer-term trend in Trust's profits, which, he believes, is more important than year-by-year fluctuations which may bear little resemblance to fundamental underlying trends.

Dr Van Wyk says the economic environment has become increasingly difficult and that corporate insolvencies are increasing. Trust, he says, has adopted an increasingly conservative policy towards bad debt provisions even though that has contributed to a narrowing of banking margins. The lifeboat loan extended by the Reserve Bank when Trust came perilously close to failure in 1977 will be repaid in full by March. In addition, all the bank's preference shares were converted to ordinary shares on December 31.

Trade unions consider buy-out of Pan Am

BY TERRY DODSWORTH IN NEW YORK

THE FIVE trade unions of Pan American, the transatlantic U.S. airline, are considering the possibility of a leveraged buy-out of the company.

Mr Terry Hickman, leader of the pilots' association at the company, said the unions had decided to look into a buy-out because "there probably is not an employee-intensive corporation in America today that is not thinking about it."

In the typical leveraged deal, employees of a company borrow money to acquire the equity of the business, in which ownership may be limited to a few senior managers or the whole workforce. In the airline industry, a plan of that type is currently being investigated at Frontier Airlines, while many carriers have introduced equity sharing programmes over the past 12 months as part of agreements to cut operating costs.

The move by the Pan Am unions, which represent 19,000 of the struggling airline's 21,000 employees, comes at a delicate point in labour negotiations over a new contract. One of the two main bodies representing ground staff, the Transport Workers Union, is now within a week of the ending of a cooling-off period, after which it would normally either go on strike or be locked out by the company.

The pilots have also run into an impasse in their discussions with the company over the past few days. As a consequence, some analysts are interpreting the buy-out proposal as a manoeuvre to attract publicity and put pressure on the company for a settlement.

Pan Am, which is known to be seeking substantial cuts in fringe benefits, with concessions to increase productivity by ending restrictive practices, said last night that it could not tell how "genuine" the union move was because it had not received any official indication of a buy-out plan.

TNT doubles interim profit

By Michael Thompson-Noel in Sydney

THOMAS NATIONWIDE Transport (TNT), Australia's largest transport group showed a marked rise in interim net profits for the period to December 31, from A$15.3m to A$35.4m ($24.93m).

However, the interim dividend is unchanged at 8 cents a share, despite a rise in earnings per share from 7.6 cents to 12.9 cents.

Sir Peter Abeles, the group's chief executive, said the improved interim performance followed "two unpleasant years," during which difficulties with U.S. operations jeopardised growth elsewhere.

There was an extraordinary loss of A$15.7m against an extraordinary profit of A$4.8m previously, caused mainly by foreign exchange transactions.

NOTICE OF REDEMPTION

Industrial Mortgage Bank of Finland Limited

(Suomen Teollisuus-Hypoteekkipankki Oy)

Land and Industrial Mortgage Bank Limited

(Maa- ja teollisuuskiinteistöpankki Oy)

Finnish Real Estate Bank Limited

(Suomen Kiinteistöpankki Oy)

8¼% Guaranteed Finnish Municipalities Bonds due March 15, 1987

NOTICE IS HEREBY GIVEN, pursuant to the Fiscal Agency Agreement dated as of March 15, 1972 under which the above-described Bonds were issued, that Irving Trust Company, Fiscal Agent, has selected by lot for redemption on March 15, 1985 through the operation of the sinking fund, $489,000 principal amount of said Bonds at the redemption price of 100% of the principal amount thereof, together with accrued interest to the date fixed for redemption. The serial numbers of the Bonds selected for redemption are as follows:

Bond Numbers

72	1070	1570	2345	7021	7910	9041	9758	10043	10619	11357	12071	13423	14310
75	1082	1572	3629	7042	7912	9045	9769	10044	10621	11369	12081	13629	14311
78	1087	1623	3631	7045	8026	9263	9770	10046	10626	11378	12084	13642	14340
97	1088	1624	4460	7078	8028	9288	9779	10057	10642	11393	12101	13651	14352
98	1090	1684	4461	7098	8037	9291	9781	10061	10643	11403	12118	13653	14367
111	1098	1686	4473	7105	8079	9313	9785	10065	10704	11409	12392	13678	14369
151	1100	1688	4828	7127	8084	9314	9786	10129	10708	11417	12394	13691	14384
153	1101	1706	4830	7130	8096	9370	9787	10148	10740	11439	12397	13704	14408
222	1104	1708	4837	7194	8099	9376	9791	10156	10761	11444	12405	13706	14411
224	1105	1715	4840	7220	8105	9408	9794	10174	10784	11451	12418	13728	14437
225	1106	1716	4843	7234	8114	9417	9798	10179	10798	11462	12439	13741	14445
251	1107	1719	4848	7246	8151	9419	9800	10189	10861	11480	12441	13745	14464
252	1115	1721	4951	7248	8172	9430	9809	10193	10889	11491	12449	13758	14473
429	1120	1787	4954	7257	8176	9434	9813	10199	10950	11492	12453	13762	14478
430	1122	1812	4956	7261	8230	9453	9817	10200	11008	11618	12456	13791	14490
432	1125	1815	4998	7288	8451	9456	9821	10214	11029	11620	12489	13798	14492
446	1166	1819	5000	7401	8457	9467	9834	10229	11048	11689	12495	13832	14508
523	1167	1855	6089	7419	8463	9472	9841	10245	11051	11700	12506	13854	14521
525	1300	1856	6093	7448	8484	9489	9845	10249	11072	11741	12512	13869	14530
534	1308	1994	6098	7499	8487	9491	9848	10251	11079	11785	12548	13871	14579
547	1310	2000	6511	7540	8609	9501	9849	10295	11153	11772	12550	13890	14649
549	1314	2001	6524	7542	8613	9502	9853	10299	11160	11847	12556	13901	14661
655	1331	2005	6541	7548	8628	9670	9857	10301	11171	11814	12561	13912	14716
698	1332	2034	6559	7589	8631	9672	9864	10459	11198	11921	12575	13919	14731
700	1394	2035	6581	7593	8634	9673	9865	10460	11204	11928	12589	13984	14750
704	1493	2107	6754	7595	8642	9699	9869	10466	11241	11936	12640	13989	14769
720	1495	2108	6755	7873	8785	9702	9872	10478	11252	11943	12658	14002	14865
743	1496	2139	6770	7614	8789	9703	9893	10488	11260	11951	12689	14021	14891
744	1497	2142	6827	7670	8795	9704	9945	10492	11278	11963	12694	14030	14902
799	1500	2156	6833	7739	8797	9719	9968	10497	11281	11974	12691	14048	14928
974	1503	2192	6846	7751	8890	9721	9989	10501	11293	11978	12842	14051	14949
975	1511	2204	6884	7796	8955	9723	10021	10504	11301	12010	12849	14083	14971
979	1525	2281	6896	7818	8958	9749	10034	10590	11304	12013	13232	14190	14988
980	1542	2285	7016	7819	8965	9753	10038	10597	11310	12014	13240	14241	14998
981	1569	2340	7017	7874	9038	9754	10040	10602	11354	12029	13422	14268	

On March 15, 1985 there will become due and payable upon each Bond selected for redemption the said redemption price, together with interest accrued to the date fixed for redemption. *Payment of the redemption price of the Bonds to be redeemed will be made in* such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts therein, upon presentation and surrender of said Bonds, with all coupons appertaining thereto maturing after the date fixed for redemption, at the corporate trust office of the Fiscal Agent, Irving Trust Company, attention Trust Services Department, Corporate Trust Window, 101 Barclay Street, New York, NY 10015, in the Borough of Manhattan, City and State of New York. At the option of the holder, *such payment (by a United States dollar check drawn on a bank in New York City* or by a transfer to a United States dollar account maintained by the payee with a bank in New York City) will be made, subject to applicable laws and regulations in the country of each of the following offices or agencies, at the main office of Irving Trust Company in London, of Kredietbank N.V. in Brussels, of Berliner Handels—Gesellschaft—Frankfurter Bank and of Deutsche Girozentrale—Deutsche Kommunalbank—in Frankfurt/Main, and of Kredietbank S.A. Luxembourgeoise in Luxembourg.

From and after such redemption date, interest *on the Bonds selected for redemption* will cease to accrue. Interest coupons due March 15, 1985 should be detached from the Bonds and presented for payment in the usual manner.

Irving Trust Company
as Fiscal Agent

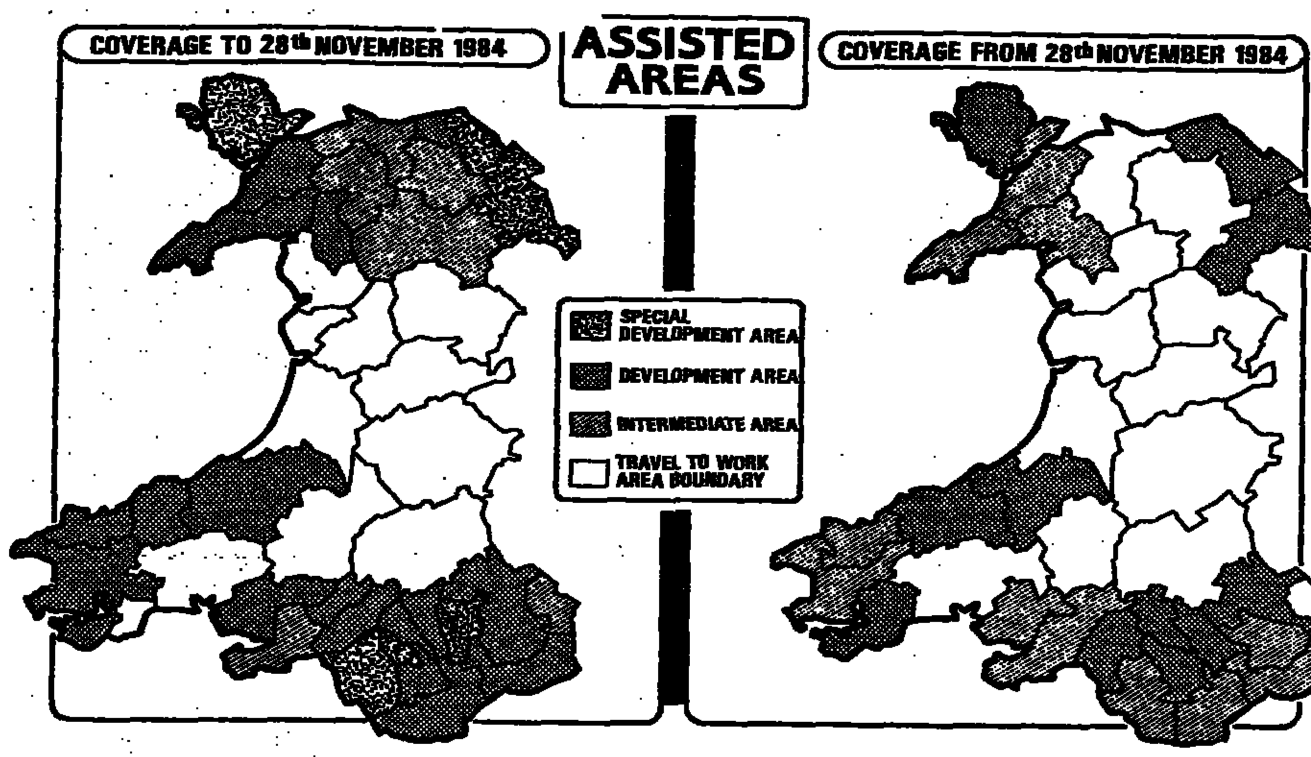
February 15, 1985

FINANCIAL TIMES SPECIAL REPORT

BY ROBIN REEVES

PROPERTY IN WALES

Special industrial projects and retail schemes are bright spots in a market facing cuts in regional aid, building allowances and public spending



Assisted Area Status

	New	Old
Aberdare	DA	DA
Cardigan	DA	DA
Ebbw Vale	DA	SDA
Abergavenny	DA	DA
Flint	DA	SDA
Rhyl	DA	DA
Holyhead	DA	SDA
Lampeter, Abrn.	DA	DA
Merthyr, Rhymney	DA	DA
Neath	DA	DA
Port Talbot	DA	SDA
Pontypridd, Rhon.	DA	DA
S Pembs.	DA	DA
Wrexham	DA	SDA
Bangor, Caern.	IA	DA
Bridgend	IA	SDA
Cardiff	IA	DA
Fishguard	IA	DA
Haverfordwest	IA	DA
Llanelli	IA	DA
Newport	IA	DA
Pontypool, Cwmb.	IA	DA
Porthmadoc, Ffst.	IA	DA
Pwllheli	IA	DA
Swansea	IA	DA/IA
Conwy, Colwyn	NAA	IA
Denbigh	NAA	IA
Monmouth	NAA	IA

DA—development area; SDA—special area; IA—intermediate area; NAA—non-assisted.

Cuts create uncertainty

A SERIES of blows has rained on Welsh industry in the past year which have made it hardly surprising that the outlook for the property market has become distinctly more uncertain.

Like the rest of Britain, it faces higher interest rates, tighter limits on public spending and the slow death of industrial building allowances. On top of this, however, Wales faces the effects of radical changes in regional aid which have been so crucial for industrial development in the past.

Automatic grants of up to 22 per cent of the cost of new buildings, plant and machinery have disappeared overnight from significant areas. The M4 corridor between the Severn Bridge in the east and Llanelli in the west has been downgraded, apart from a small section around Port Talbot and Neath.

Former special development areas along the Heads of the Valleys have retained their status. But Bridgend, buoyant over the past four years thanks to its special designation since the rundown of steelmaking at Port Talbot, has been downgraded at a stroke.

In North Wales, some areas have lost all regional incentives, though Deeside-Wrexham aera has kept top grant status.

As well as radical changes in the regional aid map, there have also been major alterations in criteria governing the qualifications for, and level of aid. This adds up to a decisive shift away from automatic help in favour of a more discretionary approach.

Overall, the Government is looking for savings of some £60m in regional expenditure in Wales — half the previously anticipated level — over three to four years.

Set against this, there are no signs that public spending cuts are undermining the Government's commitment to improving communications. Long-planned improvements in links between the M4 and West Wales and the industrial valleys, such as the Cardiff-Merthyr dual carriageway, are transforming communications, with spin-off benefits for local property markets.

The same is true of the construction of the A55 expressway in North Wales between the border and Anglesey. This is on target for completion by the end of the decade.

But worries that progress is not fast enough led the CBI, TUC and Welsh local authorities to call for a 30 per cent increase in expenditure to enable Wales to match its industrial competitors.

This is apart from the particular problem of the Severn Bridge, where the Government has started a £33m programme of repair and strengthening, and commissioned a study into a second crossing to meet traffic demands.

It remains to be seen how regional policy changes will bite. It is argued that Wales's relation to the rest of the UK has not greatly altered in spite of the new regional aid for the West Midlands, which was a significant source of investment into Wales during the 1960s and early 1970s.

Equally, however, there is concern that the new policy has weakened Wales's attraction for international investment, an important source of jobs for many years. More than 200 foreign companies, half of them American, have set up in Wales since World War Two. Wales also boasts the biggest concentration of Japanese-owned plant in the UK.

The changes certainly represent a significant alteration in the framework for industrial investment. For more than two decades, development of economic activity to reduce traditional over-dependence on coal and steel has been strongly influenced by generous automatic regional incentives.

In the 1970s, regional industrial effort was bolstered by the creation of the Welsh Development Agency and the Development Board for Rural Wales (now Mid-Wales Development). These were to develop industrial sites, build factories and clear derelict industrial land.

These considerably increased public sector involvement in the industrial property markets. The drastic rundown of employment in steel led to a series of advance factory programmes, which reached its peak in 1981-82 when the WDA was building them at the rate of more than one a day.

The flooding of the market with such a large amount of space blew off course attempts to involve private sector funds in property development, as laid down in 1979 by the new Conservative Government.

This, combined recently with the greater attractions of gilts and equities, has meant there has been little incentive for speculative building by private sector funds in all but a few select locations. Nor for participation in the agency's building programmes beyond some initial ventures with CIN Properties Norwich Union and Wimpey.

The agency has had to concentrate instead on marketing its large stock of space while encouraging incoming and expanding companies to contract into premises tailored to their individual needs. It has also encouraged existing tenants to buy freeholds.

Its efforts have been rewarded by lettings in the first 10 months of the 1984-85 financial year of 1.3m sq ft (247 factories) against a target of 1m sq ft for the year. This has helped to reduce empty space from more than 15 per cent to 13 per cent of the agency's 21m sq ft industrial property portfolia.

It has also been achieved at gradually improving rents. WDA property in the Newport area is now making more than £2.50 per sq ft, and about £2 per square foot around Cardiff. The agency's average rent is now about £1.50 per square foot.

Spending on purpose-built premises has risen from £2.9m in 1982-83 to £11.5m. Properties handed over recently include headquarters for Berlei (UK), new premises for the AB Electronics Group and Benson Crisps.

In the pipeline for 1985-86 are a floppy disk plant for Parrot Corporation in Cwmbran and a plant at St Mellons, Cardiff, for Comdial to produce telephone equipment.

The agency remains determined to create a demand led rather than supply dominated market for industrial property. But the upheavals in regional development and fiscal measures seem to have postponed the day when the WDA and local authorities can hand over industrial building activities to the private sector.

The new generation of high-technology industry is being encouraged by the Welsh Development Agency with schemes like Cleppa Park, near Newport

Even without these changes, the market faced the problems, common in the UK, that interests of investors and tenants are tending to diverge. Private investors are still mainly interested in financing property suited to a wide range of purposes, but prospective tenants want specialised premises—and are prepared to pay a premium rent for the privilege.

As a result, the agency is no longer building traditional "sheds" but is going in for varied-size, high-quality units with up to 20 per cent office space. The most prominent examples are three new developments tailored to the requirements of new business ventures in leading edge technologies.

● At Swansea, the WDA and the university have joined forces to construct a 22,000-sq-ft innovation centre on three acres of the campus. Units will start from 450 sq ft and part has already been reserved for the university's bio-technology centre.

● In North Wales, work is advanced on a comparable complex on Deeside Industrial Pork, in partnership with Clwyd Council and the North-east Wales Institute. Newtech and its associated Techbase will provide nearly 70,000 sq ft built to office standards but with service provision for industrial use.

● In South-east Wales, construction is about to begin on a further hightech complex at Cleppa Park, Newport, totalling 67,000 sq ft, designed to accommodate tenancies from 500 to 6,000 sq ft.

● In rural Wales, Mid-Wales Development has announced the start of a second phase of its St Giles Science and Technology Park in Newtown, which will add a further 5,000 sq ft of starter accommodation to the 14,000 sq ft already built.

It has also secured its first venture on the Cefn Llan Science Park at Aberystwyth which, like the Swansea development, is designed to attract entrepreneurs from college or business ventures wanting university research backup.

In general, MWD is finding the market for industrial property reasonably buoyant. The recent take-up of premises has reduced its stock of empty space to 193,000 sq ft, 10 per cent of its portfolio, or about one year's supply.

It has also to build a 130,000 sq ft fabric printing and finishing plant in Newtown for the Laura Ashley group, due to be completed by summer next year at a cost of £5.5m.

RETAIL

Second thoughts on superstores boom

PUBLIC hearings have just finished into a scheme which could prove a test case on development of out-of-town shopping in Wales.

Tesco's plan to develop a supermarket at Culverhouse Cross, on Cardiff's western outskirts have been staunchly opposed by city planners and the decision by the Welsh Secretary which side to support will be a significant one.

The site is ideal for such a development. It lies alongside a virtually complete dual carriageway link between the M4 to the north and Cardiff's dockland plus Penarth and Barry to the south.

It will also be within easy reach of the prosperous middle-class commuter villages of the Vale of Glamorgan around Cowbridge to the west.

The city council believes the development will damage the trade of existing food shops not only in these areas but also in Cardiff's centre.

Similar concern led the planners to oppose Guardian Assurance's proposed ueensgate shopping development in 1983. This was an American-style redevelopment at the eastern end of Queen Street in the central shopping area. A year has passed since the Queensgate public inquiry, but Mr Nicholas Edwards, the Welsh Secretary, has still to announce his decision.

There is also anxiety in Swansea, where retailers in the centre feel they are having to contend unfairly with the attractions of the Enterprise Zone on the edge of the city. More than half the developments in the zone are connected with distributive trades, among them some well-known retailing names.

Apart from the easier planning regulations, which allow blurring of the distinction between wholesale and retail, the enterprise zone is also close to the M4, attracting shoppers from a wide area.

More generally, however, Wales has been embracing the superstore revolution with enthusiasm since Carrefour established Britain's first out-of-town hypermarket at Caerphilly in the early 1970s. The density of superstores is heading towards one per 100,000 head of population, much higher than in England, according to research by the Welsh Consumer Council.

Modern retailing methods have much to commend them, according to the consumer council. But it was concerned that trends will lead to the demise of the corner shop and local shopping parade which serve *the elderly, young* mothers and those without private transport.

More recently, the council's concern has begun to be echoed by planning authorities, who had seemed pleased to encourage retail investment. With unemployment high, any investment which promised jobs, was difficult to resist.

Speaking on behalf of Welsh planning officers, Mr Eurfyl Davies, head of Cardiff's planning department, sounded the alarm. He suggested there were dangers for city centres if trends continued, particularly if big retailing groups combine to provide out-of-town shopping which provide more than food, furniture and do-it-yourself products.

"Good shopping facilities provide tremendous social as well as economic strength to our towns and cities. If they are allowed to move out to the fringe, we could be spreading the problem of inner city deterioration with all its economic and social problems to now-prosperous areas," Mr Davies said.

But Mr Bob Mackenzie, of agents Edward Erdman, who have been closely involved with development of the 500,000 sq ft St David's Shopping Centre in the middle of Cardiff, believes these fears are exaggerated. He acknowledges that decentralised shopping near smaller towns needs to be considered carefully, but is confident that big centres are strong enough to hold their own.

Out-of-town developments were a long way from offering the total shopping experience or choice essential for fashion and price-comparison shopping, he says.

Swansea possibly demonstrates this case. In spite of the misgivings of some big shaps, the prime retail market in the past year has seen an upturn in lettings—notably in the St David's Centre, the latest city centre development.

There are also reports of rejuvenation of *the High Street* area which suffered when Swansea's premier development, the Quadrant, opened. But interest in secondary locations and suburban centres in the Swansea are is poor.

The debate is being fuelled by a remarkable bouyancy in retail investment in most parts of Wales. The major food multiples—Tesco, Sainsbury, CRS and *Asda*—have been show a seemingly insatiable appetite for new developments.

Tesco's keenes to develop a superstore at Culverhouse Cross has not ben influenced by fears that it might dent business at *its successful new inner city* store alongside Cardiff's St David's Centre.

Sainsbury, too, has been extending its activities westwards, in both inner city and edge-of-town locations. New stores have opened recently in Newport, two in Cardiff's suburbs and a further big development is under construction at Swansea. This is not, however, in the Enterprise Zone, but within easy walking distance of the existing city centre, on the site of Weaver's Mill.

In many other parts of Wales town cnetre retail investment is either going ahead or planned, *including schemes* being promoted by the Land Authority for Wales. Mid-Wales Development is also involved in new *shopping* at Aberystwyth with Tarmac and Llandrindod with Wrights of Hull.

Comparable projects, anchored on supermarkets, are in the pipeline for Brecon, Cardigan, Lampeter, Bala, Newtown and Welshpool.

Terms have been agreed for the sale of the town centre to City and Land Company for more than £13m as part of the winding up the new town development corporation.

The centre, while the new owners plan to refurbish, covers some 43 acres, with three supermarkets, 150 shops and more than 100,000 sq ft of offices. It serves not only Cwmbran but also draws customers via uncongested road links with much of the county of Gwent.


Some planners are concerned that developments like Courts Furnishing in Swansea's enterprise zone and the proliferation of stores such as Sainsbury's in Newport, Gwent, may harm town centres

CARDIFF FREEPORT

Slow start fails to damp hopes

CARDIFF'S freeport has got off to a *distinctly slow start*. Although it is more than six months since details of the financial arrangements available within freeports became available, not one company has opted to establish itself in Cardiff.

Mr Ken Carroll, project manager of Cardiff Freeport Ltd, a subsidiary of the Pearce Group which led the private consortium bid for the Welsh capital's freeport, is not downhearted. Inquiries are coming in at the rate of one a day, he says. And over the past couple of months they have become distinctly more positive.

The freeport is located on 80 acres of reclaimed land on the Tremorfa foreshore. Until six years ago, the British Steel Corporation's East Moors steelworks stood on the site.

It was cleared, serviced and landscaped by the Welsh Development Agency prior to its designation, and stands ready for immediate construction once the first company decides to move in.

Work on one feature, a *heliport to be operated* by Veritair, is getting under way this month. But as far as industrial space is concerned, Cardiff Freeport *Ltd* is not proposing to build speculatively. It is seeking orders for bespoke units on a pre-let basis.

Mr Carroll believes the first zone investment projects will be by overseas companies. The present range of incentives has not so far proved attractive enough to persuade local companies to relocate to the zone.

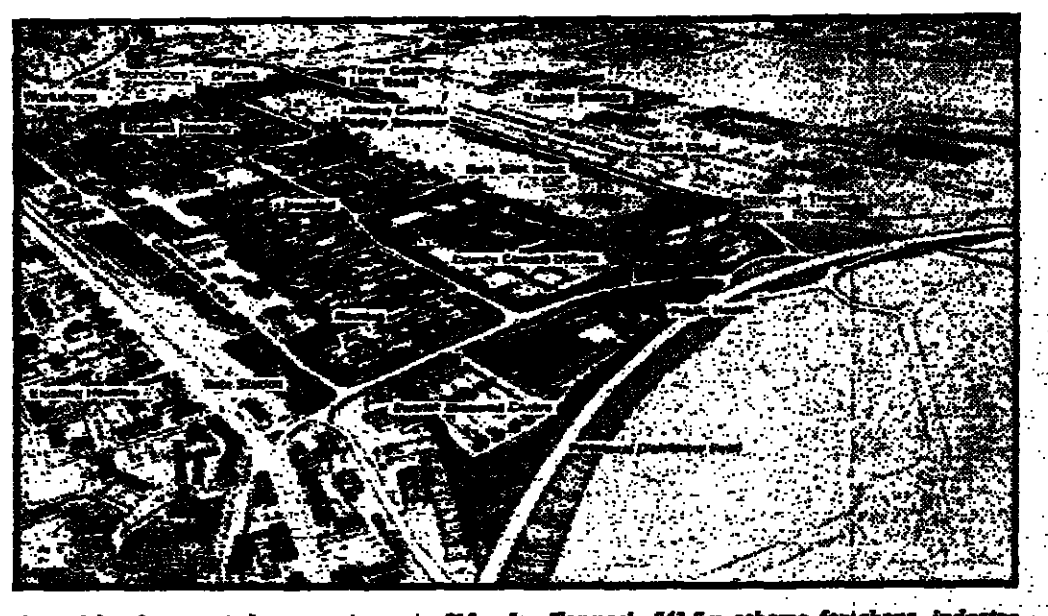
He cites development costs as *one factor. Ample* industrial accommodation is available elsewhere because of the activities of public agencies and local authorities at £1.75 to £2 a sq ft. This does not encourage more new building.

Even the main incentive of the zone—freedom from import duties *on materials* processed within its boundaries—are diluted by what businesses can do under existing UK regulations.

Cardiff, in common with other freeports, *is* already lobbying the Government to improve incentives. Abolition *of development* land tax within the zone is one suggestion.

Mr Carroll believes something will be done, though the Government would wait until completion of a review of the first year of operation.

"The U.S. zones also got off *to a very slow start* until their Government agreed to enhance incentives. Since then they have grown dramatically," he says.


A decision is expected on grants up to £10m for Tarmac's £41.5m scheme for shops, industry and homes in Cardiff's derelict docklands

LAND AUTHORITY FOR WALES

Big variations in prices

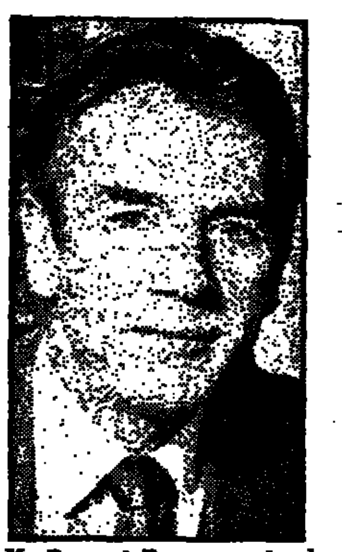
GIVEN THE general state of the UK property market, demand for development land in selected locations in Wales is surprisingly buoyant. This is the verdict of Mr Bernard Ryan, who has just taken over as chief executive of the Land Authority for Wales after a career in public and private sector property development in England.

Over the past year the authority has noted a rise in prices for housing land in the *right locations, with some* sites in the Cardiff area exceeding £100,000 an acre for the first time.

But equally *the market* continues to be characterised by big variations in prices. Development land at Barry, just a *few miles from Cardiff, is still* about £40,000 to £50,000 an acre, while in North Wales, historically low house prices are reflected in development land values of only £15,000 to £40,000 an acre.

Prices for less favourable locations, like the industrial valleys of South Wales have, if anything, flattened.

The Land Authority for Wales is a unique legacy of the Labour Government's Community Land Act. It survived repeal of the Act by the Tories because Mr Ted Howells, its first chief executive, who retired last October, quickly won the confidence of the local building industry.


Mr Bernard Ryan: new head *of LAW*

Key role

They found extremely valuable the authority's specialist role of assembling land for development, cleaning up doubts over title, putting in services, then selling to the private sector for development in manageable parcels.

By maintaining a rolling land bank, the authority aims to even the peaks and troughs of supply and demand for residen*tial*, industrial and commercial development land.

Since LAW began trading in August 1976, it has acquired or contracted to *acquire 2,744 acres* at a cost of about £25m, and sold or contracted to dispose of 1,582 acres for about £31m. Its *bank of unsold land comprises* about 1,161 acres estimated to be worth about £15.3m.

The authority has been playing a key role in assembling land for redevelopment of Cardiff's West Bute area. Negotiations on the details of the £70m scheme, which will be undertaken by Tarmac Construction, are nearing their climax.

In North Wales the authority was pivotal in overcoming problems of a morass of small land titles which were holding up the overdue redevelopment of Rhyl's shopping centre. The recently-completed development by Becontree Estates, with 26 shops, an internal mall and extensions for Marks and Spencer, Woolworth and Boots has revitalised Rhyl's role as the prime shopping centre along the North Wales coast.

The authority has a comparable shopping scheme afoot at Abergavenny in partnership with Southern & City Property, though the development plans are being amended to meet local objections.

It is also looking at one or two redevelopment schemes in Llandudno in conjunction with Mostyn Estates, and a project for improving Pontypridd's town centre. Other projects are at an early stage of discussion.

The authority also has a con*sultancy* role. *Recent involve*ments include advising Neath Borough Council on its town centre redevelopment scheme, *the contract* for which has just been awarded to Pearce (Wales).

In the industrial sector the authority *has* just disposed of one of its major holdings, the 60-acre Kinmel Industrial Park at *Bodelwyddan, Clwyd*. This was a former RAF camp which now supports 1,000 jobs. It was sold in lots varying from half an acre to 28 acres, part to tenants and part to the Welsh Development Agency.

Within the past year, it has also completed the refurbishment of a major wartime estate in the Bridgend area to make it more attractive to modern industry.

The authority is keeping a watch for opportunities presented by road improvements and is ready to tackle sites which present development problems for the private sector.

In North Wales, it has sold a key site close to the Wrexham by-pass to Woolworth's B and Q subsidiary, another to Comet *Electric* at *the Kinmel* Bay district centre. It also plans to market two motorway service station sites on the A55 expressway *being constructed* between the English border and Anglesey.

Mr Ryan believes the *authority should* be doing more. The extent to which the authority can be involved in the land market is, however, limited by a requirement to balance its books each year—even though it is buying land today usually to sell in two or three years.

PROPERTY IN WALES 3

TOURISM

Search for private finance

A SERIES of new appointments to the Wales Tourist Board highlight new expertise being absorbed to extend tourism in ways which could have significant implications for the property market.

Mr Maurice Howell, the new deputy director, was previously Swansea's planning chief. He presided over the transformation of the city's South Dock into a £200m maritime quarter, with yachting, tourist and recreational facilities and a housing complex.

Mr Norman Poole, projects director, until recently worked for the English Tourist Board, attracting institutional investment into leisure projects.

Meanwhile, an architect from private practice has joined the board, which is also under new leadership, with chairman and chief executive being appointed in the last year.

The WTB, like its English and Scottish counterparts, has long sought to encourage greater investment in the bricks and mortar of the tourist industry, both through grant aid under Section Four of the 1969 Development of Tourism Act and through promotion of feasability studies on projects and areas.

The grant aid has brought a great improvement in Wales's stock of tourist accommodation and there have been some notable successes in development of new attractions. The Llechwedd slate mine at Blaenau Ffestiniog, the Rhyl Sun Centre, and Big Pit in Blaenavon, come to mind.

But the WTB has become conscious that too many projects have failed to materialise because finance has not been forthcoming. It is gearing itself to go beyond feasability studies into specific packages with the needs of the investor in mind.

The success of the Swansea maritime quarter development, which has attracted attention from all over Europe is attributed to the tight planning briefs which the city council planning department drew up. These provided private investors with a guarantee that their property would not be devalued by unneighbourly developments next door.

Decisions

The WTB is aiming to play a more entrepreneurial role and streamline its procedures. Grants of up to £5,000 on 25 per cent of improvement costs receive a decision within a week to 10 days — and are more or less automatic.

It is also close to launching a second-tier grants scheme for ventures where capital investment lies between £5,000 and £100,000, to be known as Small Establishments Enterprise Development (SEED). It will be directed at encouraging developments in six growth sectors: tourist attractions, health and recreation facilities, self-catering, rural tourism projects, infrastructure improvements of benefit to the tourist industry and serviced accommodation.

The grants will be more discretionary than those up to £5,000. Nevertheless, the WTB plans to produce decisions in weeks rather than months, as has been the case under what one WTB executive conceded has been the ham-fisted previous arrangement.

Equally important, this streamlining is designed to free the WTB's management to concentrate on encouraging more ambitious developments. Welsh planning authorities will be encouraged to take a leaf out of Swansea's book and produce projects which are bankable. They will be backed by the right documentation and deemed planning consents so that the investor/developer can see clearly what they represent in financial investment terms.

Mr Norman Poole stresses that attracting capital investment into tourism is not confined to Wales but a problem throughout the UK. The City financial institutions are generally more interested in buying into commercial property.

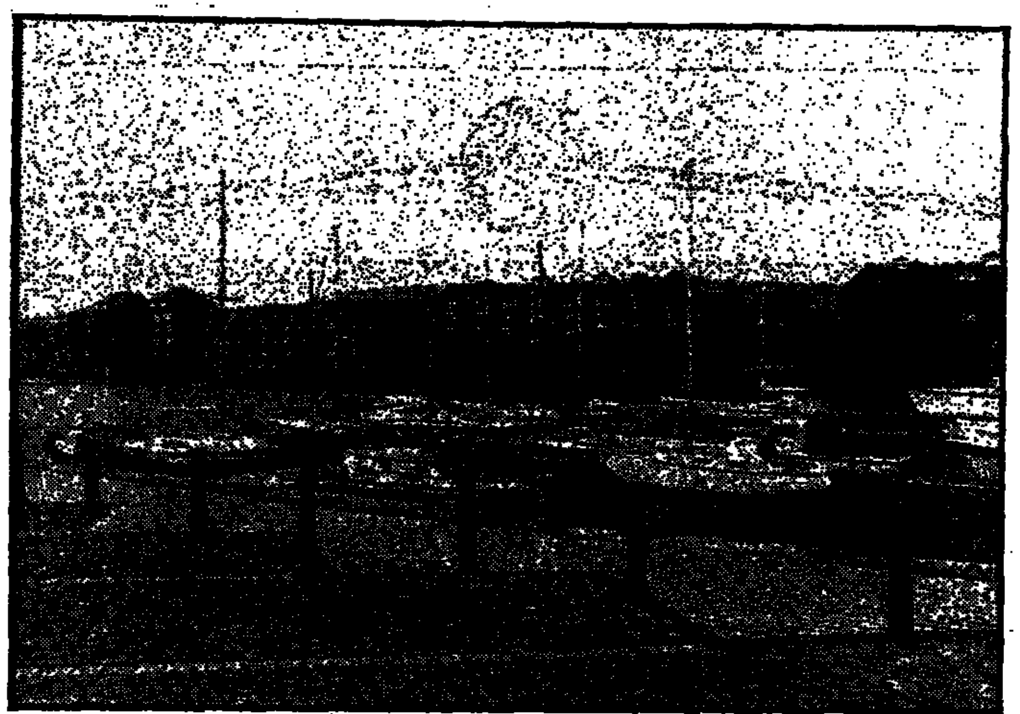
Even hotels are not regarded part of the property market because, they argue, they have no alternative use. Larger hotel chains like Trust House Forte, will go to the market for finance, but smaller groups prefer to operate management agreements.

Imbalance

It is difficult to get finance houses involved, particularly since there can easily be an imbalance between the investors' return and the amount the operator wants to take out under his management agreement.

However Mr Poole is optimistic that the gap can be bridged, not least because most parts of Wales have access to soft loans, notably from the EEC. When packaged into projects he sees this producing acceptable investment terms for a wide variety of schemes.

He believes more use can be made of the Government's Business Expansion Scheme. Though its use for tourism and leisure projects has been rare, where applied, it has been very successful, he adds.



Swansea's new maritime quarter has combined leisure, housing and tourist facilities

OFFICES

Take-up improves steadily

IT IS two years since Chemical Bank, the sixth largest U.S. banking group, transferred the bulk of its UK operations from central London to a 70,000 square feet office block in Cardiff, giving a sharp boost of confidence to the office property market.

There are no firm signs that the bank's example is about to be followed by others. Indeed, it is being suggested that modern information technology, which allowed Chemical Bank to contemplate being so far from the UK financial centre, is in other instances acting as a disincentive.

By reducing the manpower and space requirements of traditional large office-space users, it is encouraging companies which might otherwise be potential relocaters to stay put.

The bank was not the only market activity, however. Other developments, such as a 190,000 square feet building for Wales Gas, new regional headquarters for Lloyds Bank, and the take-up of smaller, older accommodation to meet the programme requirements of the Welsh fourth television channel promised brighter times given recovery from the recession.

And the Cardiff office market is more buoyant now than for some time. The past year has seen a steady improvement in lettings and significant rental growth, fuelling speculation that new developments could start to come out of the ground before 1985 is out.

The spectacular success has been Fitzalan Court, a 106,000 sq ft speculative scheme begun by Campaign Properties, a local consortium. It has since been sold to Guinness Peat Property Services. Designed to high specification with an eye on the regional head office market, it has been built as a series of self-contained interlocking units, giving each occupier its own front door.

Three units with a total area of 46,000 sq ft have been signed up, with negotiations on a further three totalling 36,000 sq ft well advanced. Offers have been made for three of the four remaining units.

Letting agents Fletcher Morgan are confident that, by the time the building is complete in September it will be fully occupied at rentals of £6.25 to £6.75 a sq ft, which will be a record for Cardiff.

Sun Alliance's Windsor Court developments, on the corner of Windsor Place and Queen Street, has also gone well, attracting Barclays Bank regional head office as its first tenant. Meanwhile, an earlier speculative scheme, Sun Life's 61,000 sq ft development, Longcross Court, is now reported to have only 14,000 sq ft out of 65,000 sq ft still unfilled.

But the success of Fitzalan Court in particular demonstrates that there is a good market for modern, high-class accommodation tailored to the space requirements of the regional office. The record rents have been achieved in spite of a stock of more than 500,000 sq ft of vacant office space in the city, according to local authority figures.

Agents Cooke and Arkwright calculate that during 1984 some 150,000 sq ft out of a realistic availability of 400,000 sq ft was taken up, mainly in small deals of between 5,000 and 10,000 sq ft. The position has improved since then.

Demand, measured by all tenants expressing an interest in moving, is outstripping the supply of good accommodation.

As further evidence of the underlying strength of the market, Cooke and Arkwright point to the refurbishment of 9,000 sq ft of offices in Westgate Street, alongside the Arms Park rugby stadium, to be known as Westgate House. A private developer has also acquired the former John Hall Tools headquarters in Churchill Way, and reconstruction to provide a further 6,000 sq ft of modern space is under way.

The W. A. Blackburn site on Dumfries Place is the most likely new speculative development. Former owner Redlake Securities planned a 50,000 sq ft block, but the scheme is reported to have been redesigned into smaller units and to have 20,000 sq ft reserved for an occupier.

Elsewhere the JT group has taken an option on the Kingsway site, overlooking Cardiff Castle, previously owned by Espley-Tyas, while Trafalgar House is reported to have sold its site with consent for 60,000 sq ft of space in Newport Road.

Outside Cardiff, the market remains generally slow.

The freehold of Cwmbran town centre has been sold for more than £13m by the development corporation to City and County Land

DRAGON PARK

A giant for the asking

DRAGON PARK in Merthyr has been described as the biggest advance factory in western Europe. It was commissioned from the Welsh Development Agency in the late 1970s to accommodate expansion of Hoover's washing machine factory.

The company was intending a major extension of its white goods manufacturing to boost numbers employed by the company at Merthyr from 5,500 to 8,000.

By the time the 427,400 sq. ft. development was completed, however, Hoover was fighting for the survival of its washing machine business against a tide of cheap imports. Today, the number of employees is down to 2,200. It will fall by a further 500 during an ambitious £10m programme of investment in robotics and other manufacturing technology.

There is no question of its now needing the massive extension. Even if the Sinclair electric vehicle which Hoover is assembling at Merthyr under contract reaches its sales targets, assembly can be easily accommodated within Hoover's existing accommodation.

Challenge

The Dragon Park Development compromises 340,000 sq ft of prime manufacturing space, 56,410 sq ft of office and research laboratory accommodation, and 27,000 sq ft of amenities such as canteen and boiler house. It is set in 26.5 acres with its own secure boundary fence, gatehouse and ample car parking.

Mr John Organ, of agents Healey & Baker which have been given the challenge of marketing the property, reckons that the cost of the building alone would be at least £6.5m were it to be started from scratch today.

The whole development is available for £5.25m freehold or at £500,000 rent per annum.

Marketing has involved carefully-targeted approaches to the manufacturing directors of major companies in the U.S., Japan, and on the Continent. Mr Organ reckons that only about four or five industrial investment projects a year are in the market for a property of this size.

"But we have had some pretty near misses," he stresses.

Nissan took a close look at the property as part of its search for a car assembly site before opting for North-east England. Tatung, the Taiwanese consumer electronics group, also considered it for video recorder manufacture, before opting for the enterprise zone at Telford.

Other serious inquiries have come from companies in food processing, sports gear manufacture, and a number of engineering fields. Given this diverse interest, Mr Organ says he is confident that an inquiry is going to click within the next two to three years.

There are few factories of comparable size in Europe ready for immediate occupation, or claim to be as modern. Most available large empty units were built in the early 1960s.

It is also suitable for flexible manufacturing systems, which require ample office and research accommodation and space for expansion.

THE PROPERTY MARKET

BY WILLIAM COCHRANE

A platform for property shares

THE IMAGE of the investment manager as a passive receptacle for "prime" property developments has changed radically in the 1980s. Matthew Oakshott, *investment manager of the* Courtaulds Pension Fund, reinforced this impression at the Grand Hotel, Eastbourne, this week.

The platform was the 1985 property conference, "Trends in Property Investment, sponsored jointly by the National *Association* of Pension Funds and the British Property Federation, which brought a lot of the managers, and the developers together.

He served notice on the developers that the modern breed of investment manager is nobody's sitting duck; that, according to *his* conclusion, investment in property currently defined as prime is "dangerous;" and that high returns with lower risks will result from a careful choice of *investments* currently dismissed as "secondary," or worse.

Longer periods

"Over the past four years," he said, "the capital values of most institutional property portfolios have shown very little net change. Over that same period, UK equity values have more than doubled, while the sterling value of a typical pension fund portfolio of foreign equities has trebled. Gilts have risen by about half."

"And over longer periods," said he, warming to his task, "the comparative returns from direct property now show up very badly, too." Pension fund *managers and trustees*, he said, will no longer be prepared just to "buy the best and hope for the best."

In contrast, said Mr Oakeshott, property shares have been protected by a very powerful flow of reversions, and a far stronger financial position in the mid-1970s, "with the result that profits and dividends of property companies have grown much faster in recent years than rack rental values in the direct property market, or in fact than equity dividends generally."

He noted that the tax penalties for a gross fund of holding *property indirectly* through property shares are now being greatly reduced by the progressive cut in corporation tax to 35 per cent, which will leave an effective tax penalty of only 7 per cent of total income if a property company distributes income fully, with the pension funds receiving a tax credit on the net dividends.

"That, on their record and prospects, looks a very small price to pay for the flexibility of a *quoted property company*," he said, "with the ability to gear up with long-term borrowings, to issue new shares for acquisitions of private property companies at a discount from vendors with tax prolems and to buy shares in again and improve net assets per share if the discount widens."

"The average institutional fund manager," he admitted, "thinks that the property sector is boring, that many of the *leading* personalities are over the hill, and that the main companies are about as distinctive as peas in a pod.

Ageing stock

"But the potential is there," he maintained, "both for predators to come in and break sleepy companies up—and for existing companies to improve their ratings by specialisation, *offering* a more clearly differentiated product which could appeal both to private shareholders and institutions who recognise that they do not have the requisite *skills* for good performance in particular areas of the property market."

The spirit of criticism survived into yesterday's conference session as Tony Gaitskell, managing director of Hill Samuel Property Management, attacked the chartered surveying profession for still *failing* to make positive predictions of future rental growth, and to relate those to the current level of investment yields.

He also said that he felt that the property industry, generally, had not grasped the significance of both ageing and *redundancy* in buildings, both having had a major impact on potential returns.

The economics of buildings once they have passed the honeymoon period — often just after the first rent review — *is* especially topical at the moment, as funds are realising that this year's prime investment might be next year's secondary.

Overseas property investment and development was another *major feature of the conference*. Keith Douglas-Mann, senior partner of agents Jones Lang Wootton, gave the U.S. an A-plus on almost all investment criteria.

He quoted the vast market, stable political system, trustworthy accountancy and law, and tenant covenants second to none among other advantages.

But he warned that U.S. tax reforms would have an important impact on property. Changes in depreciation period would lower write-offs for tax purposes in the early years, while tax shelter changes might *force* British investors involved in syndication to seek new forms of financing for the U.S.

For the developers, Ray Moorman, finance director of Capital and Counties, said that overseas property development, as opposed to investment, was very difficult to achieve successfully; and that very few developers—from any country—had operated with consistent success abroad.

He gave Hammerson pride of place, followed by Laing Properties, the Grosvenor Estate and London & Leeds (of the newcomers) in the top echelon.

West End sale

LONDON and Paris Properties has let its 16,500 sq ft redevelopment at 41 Berkeley Square in London's West End through Verschoyle Fleming to Citibank N.A. Rent is given at £400,000 per annum on a geared basis, with a starting level thought to be around £320,000.

Verschoyle Fleming is now handling the sale of the building as an investment, and the market is looking for a price of £6½m to £7m.

● French Kier Property Investments has signed up Debenhams as the anchor for The Royals, its £37m shopping centre in Southend on Sea, Essex. The 270,000 sq ft centre is due to open for trading in the autumn of 1987. *Joint* agents are Hillier Parker May & Rowden and Watson Temple Talbot & White.

The centre is bigger than any shopping development opened in 1984, according to Hillier Parker, whose 1984 supplement on British shopping developments *show* that 26 new developments were opened in the UK last year with a total of 3m sq ft of floorspace. The largest of these was of 250,000 sq ft.

● Capital & Counties has let the whole of Fareham Parkway, its 21,000 campus style office development at Wickham Road, Fareham, Hampshire, to IBM UK at an initial rent of around £138,000 per annum.

● A new Business Expansion Scheme project for London Docklands is being launched today with an offer for subscription of up to 2m Ordinary £1 shares in Limehill, a property company which will be involved in the purchase, construction, development, management and sale of property mainly in Southern England but concentrated on the London Dock*lands area.*

L. S. Vail introduced the site to C & C and were sole letting agents.

● Jones Lang Wootton's Asian Property review says that the Hong Kong property market is back to stability after the most important year in its history.

● Richard Ellis's Belgian office has sold Westland Utrecht Bank's mixed use development, situated 35 km from Brussels and 7 km from Antwerp, to Bernheim-Outremer-Invest and the Pension Fund of Cie Bruxelles-Lambert. The price was in the region of BFr 260m for an initial yield of around 10 per cent.

Healey and Baker, acting for Codic, say that the latter has sold its 1,100 sq m shopping development in downtown Brussels, 66/68 Rue du Pont *Neuf*, to a Belgian Pension Fund for some BFr 90m, giving an initial return of 8 per cent.

Telling contrasts in M25 report

OVERSUPPLY of offices in London's outer suburbs, and the threat of emerging supply constraints in smaller centres set in the Surrey and Kent countryside, are the most telling contrasts produced by a new M25 study from Knight, Frank and Rutley.

Headed "Office Developments in the M25 Corridor South," the study follows a first instalment on the northern arc of London's orbital motorway last July.

It notes that development activity is at a high level. Buildings recently completed, under construction, with *planning* consent or simply proposed, would make a total addition of 12.6m sq ft gross to an existing stock calculated at 26.7m sq ft in 1983.

Of that 12.6m, four major suburban centres—Kingston, Sutton, Croydon and Bromley, all with varying degrees of oversupply already—are in for another 6½m sq ft between them. Fer Dijkstra, head of KFR Research, was not exactly enthused over this when he wrote his report.

He says that completions in London's outer suburbs, which make up the inner ring of the M25 coridor, equalled three times the demand for new space last year. Yet in terms of motorway access, congestion and car parking they tend to be inferior to their outer ring counterparts.

The outer ring also has a high volume of developments, mainly in the shape of floorspace under construction which equals three times *last* year's demand. However, says Mr Dijkstra, "the low levels of vacant space in completed developments and the high rate of pre-lets among space under construction . . . indicate that underlying demand is strong."

Will developers be able to satisfy future demand as and where it occurs? He has his doubts, and sees particular significance in the fact that the level of outstanding planning consents in the outer ring is only is only just over three times last year's demand.

Nevertheless, high demand and serious planning constraints, particularly in Surrey, boost the prospect of rental growth and will encourage developers.

"There *is in fact no blanket* contraint on development," he points out. "Formal policies specify sites and conditions which allow some development to take place. In addition, planning control exercised by three levels of government leads to inconsistencies" — in other words, more developers will be taking planning refusals through the appeal process.

"There is, however, the real prospect of reduced levels of development as saturation levels are aproaching in many places," he concludes.

Company Notices

NEW KLEINFONTEIN PROPERTIES LIMITED
(Incorporated in South Africa)
INTERIM REPORT

FINANCIAL

The unaudited results of the Group's operations for the six months ended 31 December 1984 are as follows:-

INCOME STATEMENTS

	6 months ended 31 December 1984 R	6 months ended 31 December 1983 R	12 months ended 30 June 1984 R
Turnover	882 067	679 216	1 867 472
Operating Income	738 976	1 026 137	1 521 018
Dividends Received	99 000		
	837 976	1 026 137	1 521 018
Interest paid	47 024	3 585	1 085
Net Profit before tax	790 952	1 022 552	1 519 933
Taxation	348 000	472 577	829 872
Net Profit	442 952	549 975	690 061
Outside shareholders share of loss in subsidiary	2 032	167	1 956
Profit attributable to ordinary Shareholders before extraordinary item	444 984	550 142	692 017
Extraordinary Item			3 438 000
	444 984	550 142	4 130 017
Transferred to non-distributable reserve			3 438 000
	444 984	550 142	692 017
Retained profit brought forward	1 284 675	894 161	894 158
	1 729 659	1 444 303	1 586 175
Dividends	140 700	140 700	301 500
Retained Profit	R1 588 959	R1 303 603	R1 284 675
Earnings per share (cents)	22.2	27.4	34.4
Dividends per share (cents)	7.0	7.0	15.0
Dividend cover (times)	3.2	3.9	2.3

BALANCE SHEET

	31 December 1984 R	31 December 1983 R	30 June 1984 R
Capital Employed			
Ordinary shareholders funds	5 736 710	2 012 353	5 431 425
Deferred taxation	1 109 292	393 644	979 292
Outside shareholders loans	152 809	157 589	152 810
Outside shareholders interest	348 908	352 728	350 940
	R7 346 719	R2 916 314	R6 914 467
Employment of Capital			
Fixed Assets	105 298	97 715	120 825
Freehold property	4 153 037	4 238 356	4 142 194
Investment—listed	3 312 000		3 312 000
Current Assets	998 217	2 057 726	1 443 667
	8 568 552	6 393 797	9 018 684
Less:			
Bank Overdraft/short term loans	245 000		325 840
Other current liabilities	243 033	1 462 332	420 718
Deferred profits and provisions	733 800	2 015 151	1 357 659
	R7 346 719	R2 916 314	R6 914 467
Number of Ordinary Shares in issue	2 010 000	2 010 000	2 010 000
Net asset value per share	R2.85	R1.00	R2.70
Actual borrowings	R245 000	Nil	R325 840
Permitted borrowings	R5.9 million	R2.0 million	R5.4 million
Market value of listed investment	R3.5 million		

PROPERTY AND GENERAL

Current economic conditions have obviously impacted adversely on property sales and at this stage it would appear that little or no improvement can be expected within the next 12 months. In these difficult times the company's performance for the period under review is by no means displeasing.

MINING RESIDUES

The results of the sand treatment operations for the six months under review are as follows:

		Six months ended 31 December 1984	Six months ended 31 December 1983
Material treated	— tons	234 046	309 703
Gold recovered	— kilograms	155.67	187.58
Yield	— grams/ton	0.66	0.61
Revenue to company	— R	596 983	282 410

Approximately 39 000 tons of material continue to be removed each month from the north-eastern section of the Kleinfontein sand dump where both headgrades and recovery have been satisfactory during the six months. The substantial increase in revenue is largely attributable to an average Rand per kilogram price received of R18 687 as opposed to R14 851 for the comparable 1983 period.

The South African Land and Exploration Company Limited ("Sallies") announced on 8 November 1984 that a pyrite float section would be added to the gold plant in order to improve gold extraction efficiency. It is understood that the plant is scheduled for completion by mid-1986, provided gold prices received during the construction period are satisfactory; as also that any incremental profits from the flotation process will only accrue to the company towards the end of the decade by which time Sallies expect, at this stage, to have recouped the capital expenditure involved.

DECLARATION OF INTERIM DIVIDEND

Notice is hereby given that Dividend No. 82 of 7 cents per share (1983—7 cents) for the six months ended 31 December 1984 has been declared payable to holders of ordinary shares registered in the books of the company at the close of business on 8 March 1985 and to persons presenting Coupon No. 182 detached from Share Warrants to Bearer.

Warrants in payment will be posted from the Johannesburg and London offices on or about 17 April 1985 to members at their registered addresses or in accordance with written instructions received and accepted by the company on or before 8 March 1985.

Non-resident shareholders' tax at the rate of 15% will be deducted from dividends payable to members whose addresses in the register of members are outside South Africa.

The conditions applicable to this dividend can be inspected at the Johannesburg and London offices of the company.

For the purpose of determining those members entitled to participate in the above dividend, the share transfer books and register of members will be closed from 9 March to 15 March 1985, both days inclusive.

ENCASHMENT OF COUPON No. 182

The dividend on shares included in Share Warrants to Bearer will be payable on or after 18 April 1985 to the persons presenting Coupon No. 182 at the London Office, 2/1 Southampton Place London WC1A 2BQ, or at the office of Credit du Nord, 6-8 Boulevard Haussmann, 75009 Paris. Coupons presented at the London Office must be deposited four clear days before being paid and unless accompanied by Inland Revenue declarations, they will be subject to deduction of United Kingdom Income Tax.

Holders of Share Warrants to Bearer are reminded that new sheets of Coupons Nos. 180 to 215, inclusive, and the applicable new Talon may be obtained upon application to either the London Office or the office of the Paris Agents.

By Order of the Board
J. W. MACKENZIE
J. A. F. WHITE
Directors

Registered Office:
25 Wellington Road,
Parktown 2193.
Transfer Secretaries:
Central Registrars Limited,
154 Market Street,
Johannesburg 2001.
22 February 1985.

THE COLNE VALLEY WATER COMPANY

NOTICE IS HEREBY GIVEN that the Transfer Books of Ordinary and Preference Stocks will be CLOSED for one day only on 5th March, 1985 for the preparation of the Dividend Warrants payable on 1st April, 1985.

Dated this 22nd day of February, 1985.
W. A. COSGROVE,
Secretary

Blackwell House,
Aldenham Road
Watford, Hertfordshire,
WD2 2EY.

Plessey's profits decline in third quarter

BY JASON CRISP

Plessey, the telecommunications and electronic group, reported lower taxable profits of £40.57m, against £43.67m, for its third quarter trading period.

Analysts have been bracing themselves for the Plessey results which were expected to be the third item of bad news from the electricals sector in a month. In the last six months the sector has underperformed the FT-all share index by over 27 per cent.

The main reason for Plessey's decline was a drop in profits in the telecommunications business including nine-month losses of £4.25m from System X, the public exchanges being bought by British Telecom.

Plessey's results for the 13 weeks to December 28 1984 left its nine months total lower at £121.24m compared with £124.6m.

The figures follow poor results from a number of other companies in the UK electronics sector. Last month Racal, the defence electronics group, surprised the market when it forecast much lower profits for the year.

And two weeks ago Standard Telephones and Cables saw its share price plummett after announcing an unexpected rights issue combined with weak results for the last year and little prospect of growth in 1985.

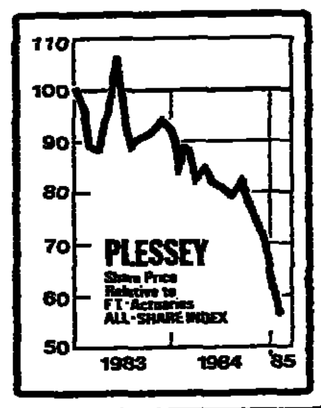
Plessey's total turnover for the 13 weeks and nine months totalled £352.21m (£302.87m) and £971.44m (£897.4m) respectively.

Although Plessey's telecommunications sales were up by 8.8 per cent to £445.2m for the nine months, nearly 46 per cent of the total, operating profits fell 10.4 per cent to £46.86m.

OPERATING PROFIT AND ORDER BOOK BY PRODUCT

	Profit 39 weeks		Order book at December 28	
	1984*	1983*	1984	1983
Product	(£m)	(£m)	(£m)	(£m)
Telecommunications	46.86	52.3	606.55	522.08
Electronic systems and equipment	22.64	27.95	816.29	772.13
Aerospace and engineerin	16.67	11.12	115.51	98.94
Microelectronics and components	11.15	7.77	77.43	59.18
Computer peripherals	0.15†	0.54†	6.13	11.5
Group services	6.31	4.63	—	—
Total	103.48	13.22	1,586.4‡	1,442.4‡

† Loss. * To December 28. ‡ Less inter-company content.



Plessey is now building up production of System X, which has an order book of £210m. The move into full production has involved an increase in working capital of some £50m, but Plessey expects System X to be profitable next year.

Plessey is still looking for export orders for System X, but at the present time it is concentrating resources to meet BT's requirements for the system, says Mr Chorley, executive chairman of Plessey Telecommunications and Office Systems.

He points out that there are many countries to which Plessey cannot export System X without involving itself "in quite significant development expenditure."

The heavy spending on System X and other digital systems coupled with the £20m investment in Electronica and seasonally higher tax and dividend payments of £104.5m have cut Plessey's cash balances by £201m in the first nine months.

And Mr Peter Marshall, finance director, says the cash drain could continue for another "two or three quarters."

But he firmly rejects the possibility of a cash call on shareholders. "There is no doubt in my mind that there is no possibility of a rights issue requirement to meet our present plans and ambitions," he says.

Shareholders are set to receive a 15 per cent increase in their interim dividend from 1.561p to 1.799p.

Earnings per share for the first nine months were 9.58p (10.62p) after tax of £51.09m (£44.62m).

In electronic systems, the main systems businesses performed well, with radar recovering strongly in the third quarter. But these factors were offset by a reduction in profits due to lower exports of tactical radios.

Aerospace and engineering moved ahead strongly with profits increasing by 50 per cent as a result of buoyant market conditions in the U.S. and favourable currency movements.

Microelectronics and components raised both sales and profits, primarily due to the growth of the semiconductor business in the home market, the U.S. and Europe.

Over the 39 weeks, group sales to customers in the UK continued to grow strongly, up 17.4 per cent to £634.7m, but direct exports at £88.7m were lower by 13.8 per cent, reflecting the continued weakness of a number of overseas markets.

Although the electrical sector is out of stock market favour, he says: "I think it is very important to draw the distinction between Plessey and other members of the same sector."

Plessey has hardly any connecting areas like home computers, consumer goods or "any form of fashionable technology goods."

"The influences that have affected sentiment in the sector are hardly present in Plessey," he says.

Plessey's shares gained 18p to 192p by the close last night. This compares with a 1984/85 high of 248p and a low of 180p.

The company is pressing ahead with its plans to capture a larger share of the U.S. telecommunications market, spending $23m (£21m) on private venture development in the current financial year and planning to spend another $27m next year.

Also, it is upgrading its Stromberg Carlson subsidiary's switching gear and is adapting UK products for the U.S. market. Stromberg is still losing money and Plessey is not expecting it to make a profit until the year after next.

Commenting on whether Plessey is big enough to survive on its own in the world's telecommunications market or whether it will merge with another group Mr Chorley says: "That is obviously a possibility but it is very difficult to predict."

He adds that: "There are all kinds of possibilities over the next few years. We may see the disappearance of some of the players in the field. I think it is perhaps more likely that we will see more collaborative deals."

See Lex

Australian delay to hit Bestobell profits

By Martin Dickson

Bestobell, the specialist engineering company, yesterday warned the City that trouble with its operations in Southern Africa and Australia would have a "severe adverse effect" on its results for 1984, due to be unveiled on March 20.

Mr John Dowling, Bestobell's new chief executive, said the statement had been made because brokers' analysts had been forecasting pre-tax profits of more than £7m, while the company now knew it was "not going to get near that."

Bestobell shares fell sharply following the announcement, and closed at 275p, down 12p on the day.

The company said the trouble was due to generally poor trading conditions in Southern Africa and Australia, and to specific difficulties at an Australian power station—Loy Yang in Victoria—where Bestobell has a thermal insulation contract.

Bestobell's 78 per cent owned Australian subsidiary took on a A$15m (£10m) contract at the station in 1981. The project was originally due for completion this year but has been repeatedly delayed and will not now be finished until 1987. Bestobell said the latest delays were outside the control of its subsidiary, which was a sub-contractor, but it was clear the company would have to provide a "further substantial sum" against completion of the work on this contract.

In 1983 Bestobell's pre-tax profits were slashed by an exceptional £2.62m above-the-line provision for losses at Loy Yang and another Australian power station, Tarong, in Queensland. The provision for 1984 will again be treated as an exceptional item.

Mr Dowling, former chairman of the garage group Henlys, only took over as chief executive on January 2, replacing Mr Donald Spencer who quit the company following boardroom concern over its financial performance.

Mr Dowling flew out to Australia almost immediately and persuaded Mr Ben Cant, the subsidiary's new chairman, to assume executive responsibility, and "continue the effort to minimise the indicated losses and to secure some recovery."

Mr Cant is a British businessman now living in Australia, where he is also chairman of Courtaulds and Rubery Owen.

Bestobell reported pre-tax profits of £4.11m in the first half of 1984 on turnover of £71m.

Mr Dowling said yesterday that the company was holding its own in Britain and on the Continent but that was not enough to make a dent in its problems in the Southern hemisphere.

Bestobell was the subject of an unsuccessful takeover bid five years ago by BTR, the industrial holding company, which still retains its 24 per cent stake.

County Bank client proposes changes for London Trust

BY ALEXANDER NICOLL

London Trust, an investment trust with net assets of around £107m which has been recovering from a period of poor performance, announced yesterday that it was discussing proposals which could lead to changes in management and investment policy.

The approach, which follows discussions with several restive shareholding institutions, is from an overseas client of County Bank, the merchant bank whic has been involved in a number of investment trust reorganisations.

It is understood that the proposals involve converting the trust into a vehicle for investing in venture and mezzanine capital companies in the U.S.

A U.S. West Coast-based investment bank specialising in venture capital is believed to be involved in the proposed deal although not as directly as the County Bank client referred to in London Trust' announcement.

Because of the radical changes involved in the suggested deal, on which discussions are still at a preliminary stage, shareholders would be offered the chance to realise their shares at about the current market price. The trust's shares, which have been rising recently in anticipation of news, closed yesterday unchanged at 105p, at about a 10 per cent discount to the last disclosed net asset value.

A revamp of London Trust would be the biggest yet in a series of shake-ups which have swept through the investment trust sector as institutional shareholders have been more demanding of trust managements.

London Trust's major shareholders, including Britannia Arrow, Guardian Royal Exchange, Prudential and Save and Prosper with over 40 per cent between them, have been discussing plans to change the company's structure for some time.

Mr Henry Berens, the trust's managing director, was installed in 1982 to revive its fortunes after the trust had performed poorly, with a substantial amount of its portfolio in minority unlisted investments. It has previously made its name as an entrepreneurial investor.

Its most spectacular failure has been an £8m investment in the 5½-hour film Wagner, starring the late Richard Burton. The film was shown on Channel 4 in January and has been sold to over 30 other countries, but has yet to find a sale in the U.S. London Trust lost at least £5m on the film.

Management, formerly handled by Rivermoor, was taken in house last year with Mr Berens remaining the manager, and the company has been looking since then for alternatives.

DPCE calls for £7m as profits rise 37%

ALONG WITH the announcement of a 37 per cent rise in half-year pre-tax profits DPCE Holdings also unveiled plans to raise £6.9m net via a one-for-six rights issue to strengthen its capital base.

The new shares are being offered at 365p each to shareholders registered on February 14. They will not rank for the 0.8p (0.7p) net interim dividend declared for the opening six months but will rank for the final which is expected to be raised from 1.8p to 2.2p.

Turnover for the half year, to December 31 1984 pushed ahead from £3.4m to £5.57m—the group, which obtained a full listing in July 1983, is engaged in computer maintenance.

Pre-tax profits advanced from £818,000 to £1.12m after taking in net interest receivable virtually unchanged at £75,000 (£74,000).

Tax took £165,000 more at £433,000 to leave the available balance at £690.00, compared with £550,000.

Earnings per 5p share improved by 1.1p to 5.8p.

Mr Colin Clive, the chairman, says turnover increased more rapidly than profits due to the group's investment and penetration into new geographical and production areas.

Additional business is expected from existing customers and sufficient new business is anticipated to give confidence that further progress is likely in the second six months.

The directors are confident that the North American market offers substantial opportunities for growth.

The rights issue is being underwritten by Lazard Brothers & Co.

● **comment**

DPCE shares have been left untouched by the tremors which have recently hit so many other computer stocks. Yesterday, they rose 20p to a new high of 465p, despite the announcement of a quite deeply-discounted rights issue. The evidence of rapid but soundly based growth is impressive—computer maintenance is a market in which smaller groups like DPCE are gaining ground as computer-users turn away from having their servicing done largely by manufacturers. At first sight, it is not entirely clear that DPCE needs £6.9m from its shareholders—the £1.8m in the balance sheet would seem to be more than enough to fund growth at the current rapid rate. However, it seems that DPCE has big plans for its overseas expansion, especially in the U.S., including possible acquisitions, and it wants to have money in reserve. There is an element of risk for shareholders in backing potentially expensive American ambitions—particularly when the share price—450p ex rights—leaves little margin for error, trading on a multiple of about 35, assuming full-year profits of £2.5m pre-tax and a 40 per cent tax charge. But DPCE argues that it is essential to get closer to the big U.S. mainframe manufacturers, if the company is to keep up with changes in the maintenance market. It is a case which deserves shareholders' support.

New outlets raise Tate's expectations

SIR ROBERT HASLAM, chairman of Tate & Lyle, told shareholders at the annual meeting yesterday that pressure was currently being encountered on profit margins in sugar refining, but there were several indications of improvement since the 1984 year-end.

Addressing a 700-strong London gathering, he said: "We believe the results for 1985 will be very satisfactory, with strong contributions from our new businesses."

Tate & Lyle has been pursuing a vigorous acquisition policy, particularly in North America where it has made three purchases in the past three months. This strategy would be maintained, because "our existing businesses will not provide the long-term improvement in capital growth we wish."

He admitted disappointment that the group had not been able to win Brooke Bond, taken over by Unilever late last year in a £355m bid which topped Tate's £324m. "But we did not believe that we should become involved in an auction with Unilever."

He added: "Any new commitments are likely to be rather smaller than Brooke Bond, which represented a fairly unique opportunity.

"We are always interested in investing in the sugar industry, but such opportunities are limited, so we have a second string to non-sugar businesses."

Modest growth could be expected in world demand for sugar itself, he said. Its effects on health were "much maligned and much exaggerated."

The observation came in answering a question from the ranks of Tate's army of small shareholders, many of whom are drawn to its meetings each year by the hamper of its goods which await them—this year a canister of Ridgeways tea and two boxes of sugar lumps.

The offerings did not ensure complete docility, however, Standard resolutions approving share option schemes were opposed by a sprinking of hands, and one argument was submitted that a scrip issue was now overdue—Sir Robert pledged only that this would continue to merit a "regular look."

Pleasurama wins over Trident TV

Pleasurama, the casino and leisure group, yesterday won control over Trident Television, operator of four London casinos, after its agreed bid had given it command of 77.7 per cent of the listed non-voting shares and 85.2 per cent of the closely held ordinary shares.

The bid was Pleasurama's second attempt to acquire Trident. The first was blocked by the Monopolies Commission because of Grand Metropolitan's 29.9 per cent in Pleasurama. When that stake was sold last year, Pleasurama was given the green light to relaunch its bid. On Wednesday, the Office of Fair Trading formally confirmed that it would not refer the new offer to the Commission.

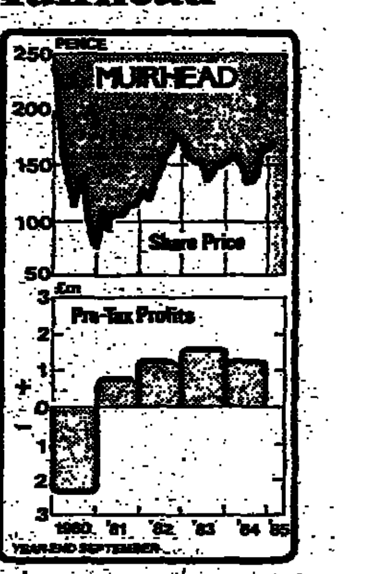
Completion of the deal is conditional on approval by Pleasurama shareholders at a meeting today.

Competition and exchange rises depress Muirhead

COMPETITIVE pressures and currency appreciation, notably of the U.S. dollar and the yen, have seriously affected profitability at Muirhead.

In the year to September 30 1984, the taxable return slipped from £1.55m to £1.21m, and the final dividend is cut by 0.25p to 2.75p net per share. The total for the year is unchanged, after a 2.25p (2p) interim. Stated earnings per share fell from 13.8p to 9p.

Group sales moved ahead from £31.15m to £34.54m for this manufacturer of electro-mechanical devices and communications equipment, which is the only maker of facsimile transmission products in the UK.



At the halfway stage, the directors reported turnover slightly lower at £15.91m (£16.25m) but there was a £144,000 improvement in profits to £749,000.

They said then that new products had been introduced into data communications and process control areas. These commanded better margins than the products they replaced, with improved efficiency, but in some cases had lower selling prices. However, the group's order intake then was satisfactory and the directors were encouraged by the level of inquiries in most sectors.

Trading profit for the full year came to £2.2m, down from £2.49m, and was reduced by higher net interest charges of £997,000 against £947,000.

● **comment**

Through no fault of its own, Muirhead's progress has been inauspiciously reversed—just at the time when a good set of first half results held the promise that a recovery to 1978's £2.1m looked approachable. The problem is virtually all down to adverse currency movements and their effect on the company's imports of high-tech components from the U.S. and fax machines from Japan. It is difficult to be precise but perhaps a quarter of group turnover has been affected by exchange rate movements. Four months on the conversion rate of sterling is even worse, so the prospects do not augur well for this year in spite of concerted efforts to resource components. The cutting of the final dividend for a maintained total is a clear reflection of this cautionary mood, making the historical multiple of 21 at 186p look unseemly high for the moment.

Major oil find and £1.5m profits for Saxon

SAXON OIL announced yesterday that it has participated in a North Sea oil discovery which flowed at an aggregate rate of 10,500 barrels a day from three tests.

At the same time the company, which is quoted on the USM, revealed that it had made net profits of £1.5m for the six months to December 13, against £391,000 for the comparable period.

The increased profits reflect the company's acquisition of a stake in the highly productive Forties oilfield at the beginning of last year. But Saxon's shares yesterday leaped 28p to 473p because of the news of a major oil discovery on its block 16/8b.

The field is operated with a 50 per cent interests by Conoco, which has named it the Miller field. Saxon has a 30 per cent stake in the discovery, with the Kuwaiti owned Santa Fe holding the remainder.

Saxon said yesterday that its share of the field's reserves are "at least 45m barrels of oil and 50-60bn cu ft of saleable gas." This suggests that there are at least 150 barrels in 16/8b, more than had previously been estimated. But the latest well by Conoco is further North than the previous oil discoveries on the block, and proves that the field covers a wider area.

Dominic Lawson reports on a substantial oil discovery in the North Sea, and (below) looks at the company which has a 30 per cent stake in it.

British Petroleum has had a string of discoveries on its block 16/7b, immediately to the west of 16/8b, and Shell is believed to have discovered oil to the east of the Conoco block. BP last year surprised the oil industry by saying that the area could contain over 300m barrels of recoverable oil, and the latest well by Conoco appears to reinforce that optimism.

Saxon said yesterday that unitisation talks between the operators involved are in progress. These talks will determine which company gains the coveted right to take control of the development of the whole area.

As BP has a 100 per cent stake in its block, it has the greatest share of reserves, and therefore is front runner in the race to operate. However, Conoco is very keen to remain the operator, and so fraught negotiations are in prospect.

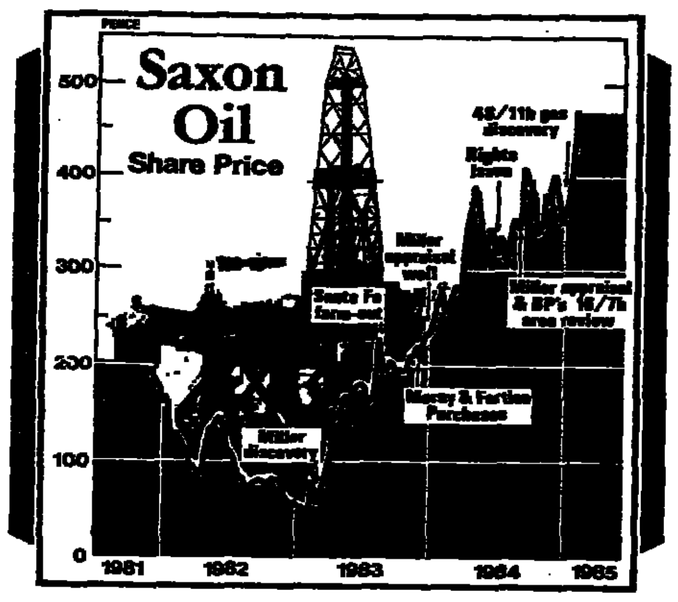
In its statement, Saxon said that preliminary development engineering studies are underway, and approval for field development "will be sought as soon as possible from the Department of Energy."

Giving details of the well 16/8b-6 yesterday, Saxon said that it produced 6,129 barrels a day of oil and 10.25m cu ft a day of gas from the "Miller Sands." In addition, two higher sands produced 3,080 b/d and 1,388 b/d of oil each, during short tests.

Saxon's drilling programme is likely to be even more active in 1985 than last year, the company said. It added that 11-12 offshore wells may be drilled, of which over half are likely to appraise discoveries already made. In particular, Saxon has high hopes for its 7 per cent stake in block 48/11b, where last year a gas discovery of 48.8m cu ft a day was made.

Saxon says in its interim report that its oil and gas sales revenues are "significantly higher" than expected. This is attributed to the strength of the dollar, and production of about 1,000 b/d from Forties, some 9.5 per cent higher than anticipated a year ago at the time of acquisition.

However, the strong dollar also rebounded against Saxon, which reported a charge of £700,000 for exchange losses on its dollar loan made to acquire the Forties unit.



Cash generated from operations was £3.5m, nearly sufficient to cover exploration expenditure of £3.8m.

Earnings per share were 6.69 compared with 2.44p in the comparable period, and 7.33p for the whole of last year.

The connection between apple trees and a £1bn oil company

TWO YEARS ago the share price of Saxon Oil stood at 7p as disillusioned investors contemplated shelling out 50p a share to make the unloved stock fully paid. The same company has this week joined the handful of UK oil companies with a market capitalisaton of over £100m, as news came in that it had shared in a North Sea oil well on block 16/8b which flowed at 10,000 barrels of oil per day from three tests

"We will be a very big company indeed in 10 years' time," says Saxon's chief executive, 53-year-old Mr John Heaney. Saxon announced yesterday that its 30 per cent share in the reserves of the 16/8b field is at least 45m barrels of oil. "At £20 a barrel, that's about £1bn of Saxon revenue in sight," says Mr Heaney. "People get mesmerised by the noughts."

If Lasmo was the 1970s North Sea growth stock—based on its share in the Ninian field—Saxon may be on its way to a similar position in the 1980s.

When John Heaney came back from Nigeria in 1979 he told his employers at Shell that he didn't want to take the next assignment. The fruit farm his father started was foundering, and Mr Heaney decided to rescue the farm, and leave the oil business.

"I had been back on the farm for barely a month,, when Colin Phipps of Clyde Petroleum rang me up and asked me to start a new oil company," recalls Mr Heaney.

Dr Phipps' idea was to form a company which would be the epitome of high risk exploration. It would have just a few very large stakes in areas where there was an outside chance of a very big discovery. Dr Phipps' Clyde Petroleum took 10 per cent of the new venture, with an option to acquire a further 10 per cent. Together with city institutions, a total of £15m was stumped up, the largest amount every raised in the City for a greenfields oil company.

But why did the inventive Dr Phipps choose Mr Heaney? John Heaney had led Shell's North Sea development team in the pioneering days of the North Sea, from 1972 to 1977. "That was when we had the grand design, and I got to know the whole industry." recalls Mr Heaney.

His job was to use his formidable list of contacts to get unknown Saxon into partnership with a leading foreign North Sea operator. He managed to get Conoco, discoverer of the Hutton and Murchison oil fields. "Conoco has the best drilling team in the North Sea," claims Mr Heaney. "With Conoco we have the golden key to unlock North Sea reserves."

Saxon and Conoco succeeded in the seventh round in a £5m offer for the block 16/8b, along with some very wild and woolly acreage in the most Northerly and unexplored area of the North Sea. To the astonishment of the oil industry Conoco shared 16/8b 50/50 with tiny Saxon, after Mr Heaney persuaded the U.S. giant that a 50 per cent UK component would sway the Department of Energy in the group's favour.

But City enthusiasm for the venture quickly soured as the long-shot nature of the company became more and more apparent. Jill Hawkins of brokers Hoare Govett recalls the City's mood as Conoco began to sink the first well on the cherished block 16/8b in February 1983. "Everybody thought this company was hideous, dreadful. No one wanted 50 per cent exposure to a £9m well."

At that moment Colin Phipps flew in from America, saw the shares at 7p in the market, and pounced with a bid valuing Saxon at about £11m. Saxon had no choice but to recommend the bid "on the information known to us at this time." But Mr Heaney was being cunning. He believed, as perhaps Clyde did not, that Conoco could get down to the target zone of the well before the six week offer period was up. If the well was dry, then the bid would certainly be above the market price of the company. But if the well was a discovery, then the shares would soar over the Clyde offer price, and with one bound Saxon would be free.

"It was a very deep well, and to drill 13,000 ft in six weeks is not easily achievable. Conoco did it, and hit over 4,000 barrels a day." remembers Mr Heaney.

Now Mr Heaney can smile about it, but it must have been agonising as Conoco hurtled down to the depths in a race against the less hazardous procedure of the City's takeover code. "It was very harrowing, very stressful," says Mr Heaney.

As it turned out Saxon was simply too small to finance its 50 per cent share in the discovery, since named the Miller field. In August Saxon reduced its share to 25 per cent, with an option, later exercised, to come back to 30 per cent, via a deal with the Kuwaiti-owned Santa Fe Minerals.

It was a very cute deal for Saxon. Santa Fe made available $4.4m to cover Saxon's pas share of development costs and overheads. It will bear two-thirds of future costs attributable to Saxon's share, and will recover those costs out of 82.5 per cent of Saxon's production. But when those costs are recovered, Saxon will receive all its 30 per cent entitlement to Miller production.

"We have financed an oil field with one well. That's most unusual," claims Mr Heaney. This was another victory for the Heaney contacts book. He knew the head of Santa Fe (UK) from his days with Shell in the Middle East.

But it would be wrong to view Saxon as a one-field company. It has recently participated in two North Sea gas discoveries. With the refusal this month by the Government to allow British Gas to import $30bn worth of gas from Norway's Sleipner field, Saxon's two gas finds are beginning to look like probable developments.

Saxon's problem is that it is short of present production to finance its exploration and development programme in a tax effective manner. This was partly eased when at the end of 1983 it acquired a 0.25 per cent stake in the Forties field for £7.5m. But it would not be surprising to see Saxon bid for more production, possible via a corporate takeover.

"There are two paths to growth, organically and by acquisition" says Mr Heaney, adding, "we shall explore both avenues." Last June Saxon paid £2.7m for the North Sea assets of Bomin, and also took a big position onshore in the UK, via an acquisition of licences from Moray Petroleum.

Saxon has also gained a toehold in the French onshore oil scene, and is bidding for blocks in the fifth Dutch licensing round. But Mr Heaney is dead against major overseas diversification à la Lasmo. "It is inefficient to spend management time in airplines." Mr Heaney has been beefing up the management, with the future development of Miller in mind. In October Mr Roy Dantzic, ex-finance director of Britoil, joined Saxon as a non-executive director, and Mr Tim Eames, formerly Getty Oil UK's exploration director, became exploration director of Saxon.

Until 1983 Saxon's office was an outbuilding of Mr Heaney's farm at Wakes Colne, outside Colchester. Mr Heaney still works there himself, although Saxon now also has an office in Colchester proper.

When Saxon was formed Mr Heaney envisaged a 50-50 split between farming and oil prospecting. The oil business is once again dominating his life, but John Heaney still starts his day at 7.30 on the farm. The apple business isn't doing badly, either.

Wight Collins steps out on diversification trail

Wight Collins Rutherford Scott, the advertising agency which last September graduated from the USM to a full listing, is to acquire the Biss Lancaster public relations consultancy for an initial £3.25m. Depending on profits performance, the figure could double.

WCRS is to fund the first instalment of the agreed deal through a placing by Morgan Grenfell of 1.18m new shares, representing as much as 15.4 per cent of its expanded capital.

The terms were well received in the City, with its shares jumping 31p to 306p, against a placing price for the new paper of 270½p.

Mr Peter Scott, its managing director, said: "This acquisition represents the first stage of a diversification programme to broaden the group's interests in the communications field."

Ms Adele Biss, chief executive of Biss Lancaster, said the company had examined the prospect of flotation on the USM instead, "but we chose rather to become part of an established public company, where we will be able to retain the autonomy we want."

She will join the WCRS board, and Biss Lancaster is to go ahead with plans for a move to new offices.

Deferred payments to the Biss Lancaster partnership will be made in the three years to 1988, conditional on pre-tax profits for the whole of that period totalling more than £1.3m. The extra amounts paid, up to a maximum of £3.25m, will also come in the form of a share issue, although WCRS has reserved the right to pay cash instead.

Biss Lancaster is forecasting taxable earnings of £400,000 in its year to April, against £210,000 in the previous period. Net assets at February 20 were put at £250,000. The deal is subject to the approval of WCRS shareholders.

The founders of Biss Lancaster brought the consultancy into being in 1978 with no prior experience in PR, a fact which was acknowledged yesterday as having "attracted healthy controversy" within the industry at the time.

Their backgrounds instead were in areas such as the travel industry, which still accounts for about 30 per cent of Biss Lancaster's revenue.

Suter terms win approval of Lake & Elliot board

Suter, the engineering, distribution and packaging group, has won the agreement of Lake & Elliot, the steel foundry concern in which it already holds 28.1 per cent, to a bid valuing Lake at £8m.

The companies had already announced that they were holding talks. Mr David Abell, Suter's chairman, obtained a seat on Lake's board last year in a management reorganisation.

Terms of the bid are 80p in cash for each Lake share or 11 Suter shares for every 20 Lake. At yesterday's closing price for Suter of 135p, up 5p, the share alternative values Lake shares at 74p each. The shares rose 3p to 77p yesterday.

Suter has received irrevocable acceptances totalling 5.7 per cent in addition to the stake it already holds. It recently acquired a 14.9 per cent holding in F. H. Lloyd, another foundry group.

Suter, which has expanded rapidly through acquisitions, including the £15.5m purchase of Francis Industries last year, forecast pre-tax profit of at least £4m for 1984, compared with £2.18m in 1983 and a loss of £1.26m in 1982. It reaffirmed that it will pay dividends of 3.5p for 1984 against 2.5p for 1983.

River & Mercantile

Net asset value per 25p share of the River and Mercantile Trust, investment trust, rose from 126.5p to 152.7p during 1984. A final dividend of 3.5p makes a net total of 5p (4.4p). Net revenue improved 15 per cent to £2.44m (£2.12m). Gross income totalled £4.13m (£3.68m).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
DPCE Holdings ......int	0.8	April 9	0.7	—	2.5
Ewart New ....int	2	Mar 22	1	—	4
Muirhead	2.75	April 16	3	5	5
Plessey ....int	1.8	May 1	1.56	—	3.8
River & Mercantile	3.5	March 22	3	5	4.4
Charles Sharpe ......int	2	—	2	—	8.75
Ter Inv Trust ....int	4.2	March 30	3.85	—	11.55
Updown Invest	3.7	April 3	2.9	3.7	2.9
Ward Holdings	5	April 4	4	6.6	5.19

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock § Unquoted stock.

BIDS AND DEALS IN BRIEF

Scottish & Newcastle Breweries is in negotiations to acquire the wholesale wines and spirits interests of Stakis. These currently trade through Peter Thomson of Perth, the Scottish agency products company, and Thomson Haddow, who operate as a general wines and spirits wholesaler from both Perth and Glasgow.

* * *

Arbuthnot Commercial Services, a subsidiary of Arbuthnot Latham Bank and part of the Dow Scania Holdings Group has extended its activities with the formation of a new company handling industrial and commercial credit finance.

Arbuthnot Business Credit, which commenced trading on January 1, specialises in hire purchase and leasing for plant and equipment between £10,000 and £100,000.

* * *

Sheafbank Property Trust has conditionally agreed to acquire the Grange Industrial Estate, West Sussex, for £1.8m from Boskalis-Keys.

Completed three years ago, the freehold estate is fully let producing annual rental income of £186,331. It comprises 17 units with a total area of 51,500 sq ft and has been independently valued at £2m.

The acquisition is seen by Sheafbank as an "excellent opportunity" to expand and geographically diversify its investment property portfolio.

Consideration for the deal, which is subject to shareholders approval will entail the issue and placing of 3.36m new shares at 27p each, realising £900,000 for Boskalis-Keys, and a placing of £1m of new 6 per cent cumulative convertible preference shares at par.

A proportion of the preference shares will be made available to the public through the market. Placing arrangements for both classes of shares have been made by N. M. Rothschild and Hoare Govett.

* * *

Nationwide Leisure has acquired the 10 per cent minority interest in one of its subsidiaries Neilson's Alpine Sports from an ex-director, Mr Richard Turnbull.

The consideration of £24,000 has been satisfied by the issue of 96,000 shares in Nationwide. Mr Turnbull has resigned as a director and has ceased to be employed by NAS.

* * *

Vickers Instruments, a division of Vickers, and a manufacturer of optical measurement and inspection systems, located in York, has purchased the scanning electron microscope activities of Bausch & Lamb, a major U.S. eye and healthcare company, with the acquisition of their Canadian-based business, Semco.

* * *

County Bank Development Capital has put together a financial package for the management team to acquire the assets and the business of Lintafoam (Loudwater) from Guthrie Corporation.

The deal involves a loan, an option to purchase 20 per cent of the equity of the new company Filtafoam (Loudwater) and the provision of an overdraft facility by National Westminster Bank.

Lintafoam is a supplier of latex foam and fibrefill products to the shoe and foundation garment trades.

* * *

Alfred McAlpine has expanded in the U.S. with the $1.9m (£1.74m) purchase of R. & S. Materials Inc, which produces sand and gravel in Alabama.

R. & S. Materials, which operates seven sand and gravel quarries, last year had a turnover of $7.5m (£6.88m).

The company will operate from the Alabama headquarters of the newly formed company Alfred McAlpine Minerals Inc.

The acquisition is part of the group's continuing policy to expand its minerals, homes and property operations in the U.S., which is seen as one of the group's major growth areas for the future.

* * *

Alfred Preedy & Sons has reached agreement for the sale of its Ronson division to Ronson (Exports), a private company based in West Yorkshire. Preedy is selling the business and tangible fixed assets, stock and book debts of the division for an anticipated consideration of £1.1m.

UK COMPANY NEWS

Gordon Cramb sets the scene as a container group heads for market

Tiphook eyes key trading routes

Tiphook Holdings, a fast-growing container leasing company based in Bromley, Kent, is to seek a full Stock Exchange listing within the next few months via an offer for sale of new shares representing about a third of its equity.

Mr Robert Montague, its ebullient 36-year-old chairman, is expecting to breach the £1m mark in taxable profits for the current year, up from £712,000 in the year to last April.

The launch should be "in the spring or early summer," although no specific date or target capitalisation has yet been set.

Tiphook began in April 1978 when Mr Montague cut his ties with his family transport business and, working from his home nearby, placed an order for his first 150 containers.

The supplier then was Adamson Containers of Stockport—the beginning of an association which came full circle late last year when Tiphook bought Adamson from the receivers of its former parent, the failed Acrow empire.

The addition of a manufacturing arm is seen by Mr Montague as rounding off the intended shape of the business, and will help in his aim to double turnover in the current year from the £8.2m last time.

Adamson is not there as an in-house supplier for Tiphook, he says. It will continue fulfilling orders for its wide range of outside customers, while the worldwide geographical spread of the leasing operations—Tiphook has some 75 depots covering virtually everywhere except North America—makes it far more cost-effective to buy many of its new boxes on the Continent and in the Far East for local delivery.

Robert Montague, CH, of Tiphook

They are rented out for periods of 90 days to as long as five years, and need only a small staff at Bromley to keep track of them by computer. The absorption of Adamson's workforce more than doubled the previous complement of 90 running the leasing side for containers and road trailers, the product of a 1982 diversification.

"It's like Hertz or Avis," says Mr Montague. "We've spent the last few years building up the network, and now it's merely a matter of adding capacity." The aim this year is to increase the more than 14,000 containers by as many as 10,000.

This is the motivation for floating the company, he says, and any reduction in existing holdings in the company will be minimal. "The intention is to promote growth, not to realise our past performance."

Mr Montague is Tiphook's largest shareholder with 46 per cent of the company. Mr Eric Goodwin, his deputy, owns 10 per cent, while institutional stakes of 30 per cent and 14 per cent respectively are held by UK Provident and Gresham Trust which have nurtured it through its early growth years.

Barclays Merchant Bank is advising Tiphook on the launch, with L. Messel as brokers.

Further acquisitions in related industries are possible, according to Mr Montague, but he foresees more than enough happening in the world container business to keep it occupied.

The arrival on the key trading routes of vast-sized container ships circling the globe, with fixed schedules and ports of call, is in his view about to transform the unit cost structure of containerisation, and bring in a large bulk of much lower-value goods.

The market within the next few years, he says, "could include everything from coal to cucumbers." Tiphook's drive to add capacity is in preparation for just that.

Fresh start outside the Acrow umbrella, Page 30

Housing boosts Ward Holdings to near £4.5m

SHARPLY HIGHER returns from its house construction activities enabled Ward Holdings to lift its profits before tax by £1.7m over the year to October 31, 1984.

Housebuilding operations continued on a steady course throughout the year and demand remained strong. Output of up-market properties increased proportionately and profit margins continued to improve.

The structure of the building companies is continuing to be strengthened in order that expansion of the operations can take place.

The number of sites in respect of schemes for the retirement market is being added to. Profits from this area are yet to be materially reflected in annual results.

With prospects in 1985 of inflation being contained and, apart from temporary setbacks, of interest rates continuing on a downward path, the directors expect further progress and improvement to be made in the property market.

The dividend for the past year is being lifted from 5.19p to 6.6p net by a final of 5p.

Turnover improved from £18.11m to £23.6m and pre-tax profits moved ahead from £2.72m to £4.42m.

House construction profits soared to £5.01m (£2.65m), plant hire was little changed at £115,000 (£101,000) but [illegible]ing fell £9,000 into the red, compared with previous profits of £5,000, and losses from the manufacturing side increased from £368,000 to £1.08m. Property investment added £357,000 (£332,000).

Earnings per 10p share emerged at 40.8p (26.9p) after tax of £849,000 (£363,000). Fully diluted earnings amounted to 27.2p (18p).

Property investment activity continues to progress with a further 30,000 sq ft of industrial units nearing completion at the Lordswood development, Chatham, and 20,000 sq ft commencing at Maidstone.

Problems were encountered in respect of the sub-contract powder coating at Hoddesdon. The plant failed to perform as projected, causing serious commercial loss. This has now been rectified, but financial implications have been "damaging."

The directors of Ward Holdings and their families hold 58 per cent of the ordinary equity.

New headlease for Aquascutum

The Acquascutum Group has entered into a new headlease with the Crown Estate Commissioners on its principal properties in Regent Street and Glasshouse Street. The existing leases expire in 2003.

The group has paid a premium of £2.05m in cash for the grant of the headlease and will pay the commissioners an initial rent per annum of £93,750, renewable every five years. The headlease gives Acquascutum security of the occupancy of the properties for an additional 77 years.

Under the existing leases the group presently pays, and will continue to pay until the existing leases expire or are surrendered, a total rental of £65,250 per annum. It is hoped, however, that the existing leases will be surrendered, leaving only the headlease in existence.

MINING NEWS

Renco gold output helps Riozim to beat forecast

BY KENNETH MARSTON, MINING EDITOR

THE Rio Tinto-Zinc group's 58.4 per cent-owned Rio Tinto Zimbabwe (Riozim) has enjoyed a much better than expected fourth quarter thanks mainly to an exceptional gold output from its Renco mine.

Consequently, Riozim's earlier forecast of a net attributable profit for 1984 of over Z$4m (£2.28m) is substantially exceded with a result of Z$6.05m.

After including an extraordinary gain on the sale of surplus plant and equipment from the closed Empress nickel mine, Riozim's total net profit for the year comes out at Z$7.05m compared with Z$5.82m in 1983.

Earnings before the extraordinary item equal 28.1 cents per share. The directors point out that while the company's financial position has strengthened they feel it wise to follow a conservative dividend policy in view of economic uncertainties, and they recommend a payment of 12 cents compared with 5 cents for 1983.

Gold operations benefitted from higher ore grades and better prices in terms of Zimbabwe dollars as a result of the strengthening of the U.S. currency and Zimbabwe's support price of U.S.$500 per ounce which was introduced in November.

The 69.3 per cent-owned Tinto Industries also had a better than forecast fourth quarter following higher sales of its agricultural equipment. This still left the subsidiary with a loss for the year of Z$107,000 against a loss of Z$27,000 in 1983.

However, a return to profits is expected this year in the light of demand for all products, except discs for tilling, export prospects and the currently good rainy season in Zimbabwe.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Don Brothers Buist, Robert M. Douglas, Walsham's.

Finals: Alfa-Laval, AB, ASEA AB, Aalr and Wiborg, Mount Charlotte Investments.

FUTURE DATES

Interims—

Bracken Mines	Feb 28
British Assets Trust	Feb 28
Continental Microwave	Feb 27
Framlington	Mar 8
Kinross Mines	Feb 28
Leslie Gold Mines	Feb 28
Mitchell Cotts	Mar 15
Raine Industries	Feb 28
Unisel Gold Mines	Feb 28
Winkelhaak Mines	Feb 28

Finals—

British Petroleum	Mar 7
Clark (Matthew)	Mar 12
Commercial Union Assurance	May 7
Federated Housing	Mar 6
Johnstone's Paints	Mar 5
Jourdan (Thomas)	Mar 6
Oriflame International	Mar 5
Ozalid	Feb 28
Phoenix Properties and Finance	Mar 1
Reuters	Feb 28
Save and Prosper Gold Fund	Mar 1
Transport Development	Mar 14
Turner and Newall	Mar 22
Unidare	Mar 1

Scadding gold boosts Westfield

THE START of production from the Scadding gold property near Sudbury, Ontario, coupled with funds raised from a share issue and the sale of an interest in an associated company, enabled Canada's Westfield Minerals to report sharply higher profits for 1984, while at the same time almost trebling exploration spending.

Net profits of this member of the Northgate Exploration group of companies jumped to C$1.62m (£1.1m) or 25 cents a share from 1983's C$387,000 or 6 cents. Revenue from metal production improved from $524,000 to $1.43m, with the bulk of the increase coming from Scadding's output of 3,500 ounces of gold. The mine came into production last June.

Westfield raised $1.2m from the sale of its holding in the Whim Creek Consolidated gold producer in Australia, and a further $3m through a share issue.

The company boosted spending on exploration from $780,000 to $2.3m, with much of this going towards further work on the Mishibishu gold property 45 miles South-east of Hemlo in northern Ontario. Westfield is manager of this joint venture, in which Windarra Minerals and Magnacon Mines and Oils also have interests.

Last year's programme of 20,000 ft of exploration drilling confirmed the presence of at least two zones with good gold values in the area, and mineralisation has been found from surface to depths of around 40 ft, Westfield said yesterday.

This year's exploration programme will involve overburden stripping and trenching to facilitate the next stage of drilling, which is aimed at blocking out reserve tonnages.

Westfield is also looking into the cost of building a road to the property for easier access. The present forest road ends seven miles from the property, and the Trans-Canada Highway is about 25 miles away.

COMPANY NEWS IN BRIEF

Higher taxable profits of £1.21m, against £1.06m, were achieved by Metal Bulletin in the year to December 31, 1984.

An increase of 25 per cent in the final dividend to 5.5p per share is recommended, making a total of 8.0p (6.6p). A one-for-one scrip issue is also proposed.

The directors of this international publisher and conference organiser expect that 1985 will be a year of continuing challenge, with a further increase in activity foreseen.

During the year under review, turnover moved up by 19 per cent from £4.88m to £5.79m. Profits after tax were ahead by 34 per cent from £506,100 to £678,900. Earnings per share were shown at 15.5p against 11.55p.

* * *

James Ferguson Holdings, knitwear manufacturer, financial services and property group, incurred a slightly higher pre-tax loss to £64,000, against £62,000 for the six months to September 30 1984. This included rights issue costs of £26,000 (nil) and is based on decreased turnover of £162,000 (£230,000). No dividend will be paid.

Directors say the loss is mainly attributable to the company's knitwear subsidiary, but its business usually improves in the second half.

* * *

Flogas, a USM company engaged in importing and distribution of LPG and LPG appliances reports more than doubled interim pre-tax profits of I£484,000 against I£210,000 (£180,000).

Turnover for the six months to November 30 1984 totalled £7.27m (£5.58m). The directors are confident that the full year will show a "significant increase" in profits.

An interim dividend of 1.05p (0.88p) has already been paid.

* * *

Due to a typographical error, the date given in yesterday's edition for Lonrho's annual meeting was incorrect. The AGM will be held at Grosvenor House, London W1, on March 28 at 11.30 am.

* * *

Afcor Investments, instructed by Munro Corporate, is placing 1.25m Pearson Butler ordinary shares at 25p each with clients and those of Munro Corporate.

The issue, which is expected to raise £257,000 net, will enable Pearson to repay its existing borrowings and provide working capital. The shares will be traded over the counter and should qualify for income tax relief in accord with the Business Expansion Scheme terms, subject to certain conditions, including Pearson acquiring the whole issued capital of Peter Allyson (Keepsafe), of which it has already won acceptances of 99.8 per cent.

The offer is still conditional upon the completion of the placing.

* * *

On February 19 the placing of Systems Designers International was arranged whereby institutional investors purchased 2,031,885 new shares at 120p.

These shares represented part of the entitlements of directors of Systems Designers, including their family interests, under the rights offer, and are analysed as follows: Mr P. E. Swinstead 1,529,848; Mr G. W. Holmes 154,320; Mr C. A. Lennard 183,920; Mr J. L. Platt 130,617; and Mr I. M. Scoggins 33,180.

* * *

Net profits of the Tor Investment Trust amounted to £285,000, against £244,000, for the six months to end-January 1985. The interim dividend is 4.2p (3.85p).

Net asset value per income and capital share at the end of the period stood at 101p and 688.2p respectively.

Albright & Wilson gains from overseas

Despite a lower return from operations in the UK, Albright & Wilson increased pre-tax profits by 15 per cent in 1984.

The taxable result for the year showed a £3.86m improvement to £29.53m on sales down from £545.41m to £544.95m. Trading profit came out at £40.13m against £36.96m.

In 1983, the group, a manufacturer of chemicals and allied products which has been wholly owned by Tenneco International Holdings since 1978, sold its agricultural division to ICI for about £20m. The disposal was the final major step in a two-year divestment which had realised in the region of £70m.

The directors now state that after allowing for businesses sold in 1983, sales in the period under review were 13 per cent higher and trading profits 17 up on the previous year.

The major reason for the lower UK profit was the high cost of detergent raw materials, partly caused by exchange rate movements. In other respects, domestic results were better.

Interest charges were reduced from £11.3m to £10.6m. Tax took £6.4m (£5.88m) and minorities £1.32m (£854,000). The interim dividend is 1p higher at 8p.

Media Technology confident of maintaining 20% growth rate

A 20 PER CENT increase in first half turnover at Media Technology International flowed through to profits, producing a taxable result of £930,000 compared with £779,000.

Media is principally engaged in the provision of technically advanced equipment and services for the film, television, theatre, professional photographic and allied industries through three operating companies: Joe Dutton Cameras, Lee Filters and Lee Filters (Developments).

Turnover for the interim period amounted to £2.95m, against £2.46m, and generated operating profits of £1.02m compared with £848,000. Interest payable came to £94,000 (£69,000).

In line with last October's prospectus there is no interim dividend. The company says current results indicate that a dividend of 1.6p for the full year will be well covered—first half earnings per share rose from 4.64p to 5.53p, after tax of £377,000 (£315,000).

Attributable profits were reduced to £136,000 (£464,000). This was due to a £127,000 extraordinary provision for excess of an insurance receipt over the written down value of related assets, and a £544,000 deduction relating to the extraordinary item and after tax profit of subsidiary companies prior to October 16 1984.

Mr Roger Weston, the non-executive chairman, says that while it is always difficult in the film industry to make precise predictions, he confidently expects the second half performance to maintain the first half's rate of growth.

In that case full year profits would be at least £1.85m, against the £1.54m attained in 1983-84 on turnover of £4.86m.

● comment

As actor Martin Shaw sets out across the icy wastes in his portrayal of Sir Robert Falcon Scott a Joe Dunton camera whirrs quietly to capture every moment and Media Technology's profits take another step forward. Dunton, which rents high quality cameras to the film industry, accounts for some two-thirds of Media's profits and was the driving force behind the latest rise with an increase of close to 25 per cent. The opening of a Californian office six months ago has substantially increased the amount of U.S. business—it only amounted to 2 per cent of turnover in 1983-84—but in profit terms that development is for the future. For the present Dunton's growth is still UK orientated. Lee Filters, in contrast, is already an established international business. Its profits increased by around 10 per cent but a doubling of capacity last November should enable the company to accelerate that progress. The question now is whether Lee follows Dunton into the U.S. with a marketing base. Profits this year should reach £2m for a p/e of 15 at 180p. That is not expensive for a USM stock but fore some investors a public company controlled by a private one that shares common directors and has trading links is a bit like television's Scott epic—"The last place on Earth" to invest.

APPOINTMENTS

Changes at Co-operative Bank

The CO-OPERATIVE BANK group has established a new division which brings together the direct finance services activities both of the bank and of its wholly-owned subsidiary, First Co-operative Finance. The new combined organisation — direct financial services division—is headed by Mr Terry Thomas, who remains managing director of the trade union financial institution, Unity Trust, but relinquishes his responsibilities for customers services and marketing. Mr Tom O'Malley moves from managing director of First Co-operative to become general manager of the new division. Mr David Cavell is responsible for processing and administration in the new division. An assistant general manager of the Co-operative Bank he is now appointed additionally a director of First Co-operative. Mr Peter Hartley becomes divisional controller for collection, corporate credit vetting and financial control. He is a director of First Co-operative Finance.

*

HOARE GOVETT has appointed Mr Stewart Douglas-Mann, previously a corporate finance director of Charterhouse Japhet, to the newly created post of managing director of the corporate finance division.

*

Mr Mathew Prichard has joined the board of the authors' division of BOOKER McCONNELL and will succeed Mr Dennis Joss as its chairman on April 1.

*

KIRKLAND-WHITTAKER GROUP has appointed Mr B. Siersema a director.

*

Mr Anthony Turner, joint managing director of Benson Turner & Son, has been elected president of the Bradford-based CONFEDERATION OF BRITISH WOOL TEXTILES in succession to Mr David Briggs. Mr Turner, a member of the CBWT's Policy Board and Commerce Council, is a former president of the Worsted Spinners' Federation. Mr David Huxley, chairman of Joshua Ellis & Co, has succeeded Mr John O'Neil as a vice-president of the Confederation and chairman of the Industrial Relations Council. He has served as chairman of its Safety, Health and Welfare Committee and is a former president of the Wool Textile Manufactuers' Federation. Mr Alistair Henderson (vice-president) and Mr Peter Lees (hon. treasurer) were re-elected.

*

Mr Tony Stopher has been elected to the board of Glasgow-based electrical distributor and wholesaler MICHAEL BLACK which was taken over last year by Emess Lighting. He is Newcastle branch manager of Michael Black.

*

Mr Donald S. Morton has been appointed deputy managing director of STONE & WEBSTER ENGINEERING. An American, he is also a vice-president of Stone & Webster Engineering Corporation of the U.S. and he was manager of the New York office before transferring to the UK to his new post.

*

CONTIKI TRAVEL INTERNATIONAL has appointed Mr Geoffrey Phillips to the board, responsible for sales worldwide. He was regional sales director, UK and Europe.

*

Mr J. P. Barber becomes deputy secretary of ROYAL INSURANCE from March 1. He was executive director, corporate administration, Royal Insurance Australia.

*

Mr Melvyn S. Ansher, Mr Julian A. Friedman, Mr Alan H. Morton and Mr Harold J. Zuckerman have been appointed associate directors of S. & W. BERISFORD.

*

Mr Stanley Jackson has been appointed to the board of TARGET FINANCIAL CONSULTANTS as development director. He was agency director of Crown Life. Mr Ben Allen joins the board as sales director. He was previously sales manager. Target Financial Consultants is the direct sales division of Target Group.

*

The BANK OF SCOTLAND has made the following appointments in its new international division, treasury department: Mr Douglas D. Anderson as chief manager and Mr James F. Craig as foreign exchange manager.

*

Mr Jack E. Gardiner and Mr Christopher P. Wesolowski have been appointed to the board of OPPENHEIMER TRUST MANAGEMENT. Mrs Lei M. Dungate and Mr Wesolowski have been appointed to the board of Oppenheimer Money Management. Both companies are subsidiaries of Mercantile House Holdings.

*

KANSALLIS-OSAKE-PANKKI, Finland's largest commercial bank, has appointed Mr Ross Tanner as senior manager, credits and marketing, in its London branch. He joins Kansallis from the London branch of Den Danske Bank, where he was business development manager. He was previously managing director of Chase Manhattan Oy in Helsinki. The appointment, which takes effect from March 4 follows news that Mr Peter Fagernas, currently deputy general manager in London, is to lead the branch which Kansallis intends to open in New York later this year.

*

Mr John A. Harper, who has been a non-executive director of THE FREDERICK PARKER GROUP for the past year, takes over in March as chairman and chief executive from Mr Kenneth J. Parker, who is remaining as a non-executive director. Mr Harper was previously an executive director with Staveley Industries.

*

Expansion of the Sir Hugh retail group, part of ALLANDER HOLDINGS, following the purchase of "Sir" and "Caird" stores throughout Scotland has resulted in the following changes. Sir Hugh Fraser becomes chairman and joint managing director. Ms Janis Sue Smith is made joint managing director with particular responsibility for merchandising policy. Mr Robert Martin, director of Caird Retail, joins the board of "Sir" shops with responsibility for shop operations. Mr Alec Baird becomes director with responsibility for store development, staffing and maintenance. Mr Bruce Wallace remains financial director of both companies.

*

Following the purchase of CENTURY ALUMINIUM from Amari by the Norwegian company, Ardal og Sunndal Verk (ASV.), Mr O. Natvik, of ASV. has joined Century's board.

*

BELLWAY has appointed to its board Mr Bob Craigie, managing director of Bellway (South East), and Mr Ashley Bell, managing director of Bellway (North East). Mr Bell is the third generation of the founding Bell family.

*

Mr John Turnbull has been appointed general manager, UK/Ireland, for J I CASE EUROPE, from group manager, UK/Ireland, Case Tractors.

*

C. V. Woven Fabrics, part of the Vantona Viyella Group, has formed CARRINGTON APPAREL FABRICS to bring together the activities of the recently acquired Tootal Performance Fabrics and parts of the existing operation. Mr David Thornton has been appointed managing director of the new company with Mr Geoff Pritchard, formerly general manager, Tootal Workwear Fabrics, as sales director (spun fabrics) and Mr Roger Carrington, formerly sales director, Parmawear, as sales director (filament and technical fabrics).

*

Mr Edward Rayne has been appointed chairman-elect of the BRITISH FASHION COUNCIL.

*

CHAMPION SPARKING PLUG CO has appointed Mr Roy Flemington as director of marketing.

SECTION III – INTERNATIONAL MARKETS
FINANCIAL TIMES
Friday February 22 1985

WALL STREET

GNP data bring bout of nerves

GROUND was surrendered by Wall Street stocks yesterday as money market rates and bond yields continued to rise after the U.S. Commerce Department strongly upgraded its estimates of growth in gross national product in the final quarter of last year, *writes Terry Byland in New York.*

This indication of U.S. economic strength heightened nervousness over the next move in the credit policies of the Federal Reserve.

Stock prices remained weak throughout the session, and at midday the market was down by more than six Dow points. Prices rallied at the close, helped by a recovery in bonds ahead of the money supply announcement. The Dow Jones industrial average ended a net 4.09 points down at 1279.04, with the Standard & Poor's 500 and the American Stock Exchange indices showing significant falls. Turnover, at 104.4m shares, remained high.

Further consideration of Mr Paul Volcker's testimony to the Senate appeared to reinforce Wall Street's worries over the mid-term prospects for Fed policies. The arrangement of $2bn in customer repurchases – the sixth successive daily injection of funds – confirmed Mr Volcker's assurance that the Reserve Board is not tightening at the moment.

But Treasury bill and short-term money market rates moved sharply higher again, bringing rates on six-month certificates of deposit to 9.30 per cent, as the markets braced themselves for a possible tightening later this year.

U.S. Trust raised its broker loan rate from 9.25 per cent to 9.5 per cent. The Fed's intervention failed to lower the funds rate from 8 11/16 per cent.

The continued strength of the economy, indicated by the Commerce Department's upgrading of 1984 final quarter GNP estimates from 3.9 per cent to 4.9 per cent, buoyed the stock market at first. However, a flurry of small sales by personal investors soon caused the reporting tapes to lag behind the market.

Analysts remained confident of further growth in the economy and in corporate profits. Some predict that interest rates will stabilise and that inflation will remain subdued. However, the rise in bond market yields, if continued, will diminish the attractions of the stock market for new investment money.

Utilities, sensitive to interest rate nervousness, shaded lower. Further profit-taking in airline issues lowered the Dow transportation average. At $46, United dipped $¼, and American eased $½ to $39⅞.

A weak feature was American International, down $2⅜ to $71½ in heavy trade after a brokerage analyst had cut 1985 profits estimates.

Defence issues looked irregular with General Dynamics down $1¼ at $78¼ after the U.S. Navy had questioned some of its contract expenses. Lockheed, at $50⅝, gained $1⅛ but Martin Marietta lost $1¼ to $52.

IBM edged up $¼ to $134, helped by the new stock market information project planned with Merrill Lynch. Texas Instruments dipped $⅝ to $118¼, Data General lost $⅜ to $58⅜

Losses widened across the range of industrial stocks as the session progressed. General Motors shed $⅝ to $78, General Electric gave up $⅛ to $63¾, and Eastman Kodak, still smarting from the board's warning of lower growth ahead, lost $⅛ to $68⅞.

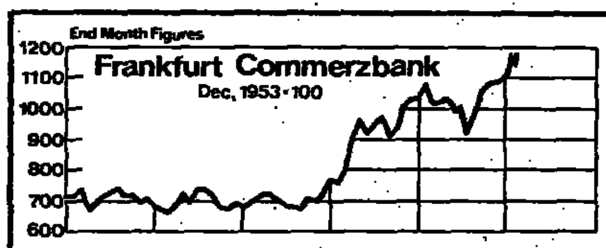
Stauffer Chemicals, $⅛ up at $27¼, continued to trade heavily on the bid offer from Chesebrough Pond's. With the battle between the board and Mr Carl Icahn approaching full boil, Phillips Petroleum held unchanged at $48.

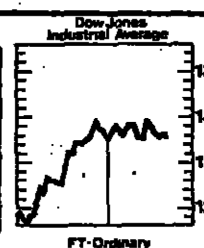
On the American Stock Exchange, a block of 250,000 ADRs of Imperial Chemical Industries of the UK traded at $38 cash.

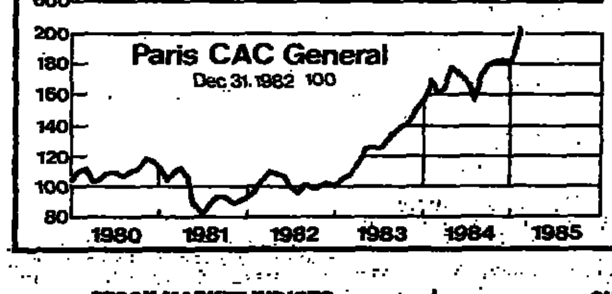
By midsession, credit markets were thoroughly depressed. Lack of retail participation has left bond trader portfolios loaded with the $9bn two-year treasury notes auctioned on Wednesday. The price of the key long bond fell 1⅝₂ to 97.

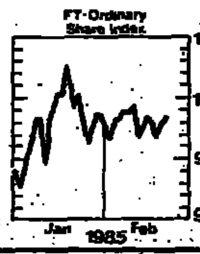
With federal funds still high after regular injections of help from the Fed Treasury bill rates extended early gains. Three-month bills were 15 basis points up at 8.40 per cent, and six-months 13 higher at 8.52 per cent.

KEY MARKET MONITORS









STOCK MARKET INDICES

	Feb 21	Previous	Year ago
NEW YORK			
DJ Industrials	1,279.04	1,283.13	174.33
DJ Transport	627.77	633.75	496.53
DJ Utilities	149.88	150.39	124.61
S&P Composite	181.18	181.18	154.64
LONDON			
FT Ord	984.90	981.30	806.90
FT-SE 100	1,279.10	1,275.80	1,044.40
FT-A All-share	614.90	614.71	489.89
FT-A 500	673.57	672.70	523.38
FT Gold mines	486.80	497.20	671.00
FT-A Long gilt	10.82	10.80	10.22
TOKYO			
Nikkei-Dow	12,128.46	12,152.37	9,970.6
Tokyo SE	951.00	947.05	770.78
AUSTRALIA			
All Ord.	795.6	798.9	744.5
Metals & Mins.	480.1	476.8	512.3
AUSTRIA			
Credit Aktien	68.48	66.98	55.45
BELGIUM			
Belgian SE	2,225.25	2,201.04	–
CANADA			
Toronto Metals & Minls	2,098.22	2,134.5	2,158.0
Composite	2,605.76	2,614.7	2,362.4
Montreal Portfolio	130.71	131.54	116.05
DENMARK			
Copenhagen SE	172.49	174.38	205.60
FRANCE			
CAC Gen	205.9	203.6	161.7
Ind. Tendance	111.2	109.7	86.2
WEST GERMANY			
FAZ-Aktien	405.5	408.73	352.41
Commerzbank	1,178.0	1,188.5	1,036.8
HONG KONG			
Hang Seng	closed	1,435.17	1,066.91
ITALY			
Banca Comm.	n/a	288.71	219.38
NETHERLANDS			
ANP-CBS Gen	205.5	204.4	161.2
ANP-CBS Ind	163.7	162.2	132.3
NORWAY			
Oslo SE	326.81	325.64	238.53
SINGAPORE			
Straits Times	closed	810.9	1,026.76
SOUTH AFRICA			
Golds	906.8	925.0	964.5
Industrials	865.5	866.8	972.4
SPAIN			
Madrid SE	114.47	115.18	84.74
SWEDEN			
J & P	1,452.0	1,443.7	1,564.43
SWITZERLAND			
Swiss Bank Ind	419.3	416.2	373.2
WORLD	Feb 20	Prev	Yearago
Capital Int'l	196.2	196.3	179.6

GOLD (per ounce)

	Feb 21	Prev
London	$299.75	$302.75
Zürich	$300.35	$302.75
Paris (fixing)	$300.37	$301.77
Luxembourg	$302.65	$303.25
New York (Apr)	$301.10*	$306.00

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR Feb 21	U.S. DOLLAR Previous	STERLING Feb 21	STERLING Previous
$	–	–	1.082	1.086
DM	3.356	3.336	3.6325	3.62
Yen	261.8	261.3	283.25	283.75
FFr	10.2625	10.1925	11.11	11.07
SwFr	2.827	2.8215	3.0625	3.065
Guilder	3.805	3.7745	4.115	4.1025
Lira	2,085.5	2,058.0	2,254.0	2,237.5
BFr	67.35	66.9	72.95	72.7
C$	1.3667	1.35055	1.4805	1.4695

INTEREST RATES

	Feb 21	Prev
Euro-currencies (3-month offered rate)		
£	14⅛	13 15/16
SwFr	5⅞	5¾
DM	6 3/16	6 1/16
FFr	11 3/16	11 3/16
FT London Interbank fixing (offered rate)		
3-month U.S.$	9⅜	9 5/16
6-month U.S.$	9⅞	9½
U.S. Fed Funds	8 11/16	8⅝
U.S. 3-month CDs	8.95	8.9
U.S. 3-month T-bills	8.43	8.24

U.S BONDS

Treasury	Feb 21* Price	Feb 21* Yield	Prev Price	Prev Yield
9¾ 1987	98 25/32	10.22	99 1/32	10.06
11⅜ 1992	100 7/32	11.58	100 30/32	11.42
11¼ 1995	97 21/32	11.65	98 13/32	11.52
11¼ 2015	97 9/32	11.60	97 28/32	11.50
Corporate	Feb 21*		Prev	
AT & T	Price	Yield	Price	Yield
10⅜ June 1990	96½	11.25	96½	11.25
3⅜ July 1990	76	9.75	76	9.75
8⅜ May 2000	76⅝	12.15	76⅝	12.15
Xerox				
10⅜ March 1993	94½	11.70	94½	11.70
Diamond Shamrock				
10⅜ May 1993	92½	12.10	92½	12.10
Federated Dept Stores				
10⅜ May 2013	87⅛	12⅛	87⅛	12⅛
Abbot Lab				
11.80 Feb 2013	96⅜	97⅛	96⅜	97⅛
Alcoa				
12⅛ Dec 2012	97⅛	12⅛	97⅛	12⅛

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
March	70–10	70–16	70–03	70–28
U.S. Treasury Bills (IMM) $1m points of 100%				
March	91.63	91.78	91.60	91.75
Certificates of Deposit (IMM) $1m points of 100%				
March	90.89	90.94	90.85	91.01
LONDON				
Three-month Eurodollar $1m points of 100%				
March	90.56	90.60	90.49	90.71
20-year Notional Gilt £50,000 32nds of 100%				
March	103–29	103–29	103–10	103–22

COMMODITIES

(London)	Feb 21	Prev
Silver (spot fixing)	567.00p	570.00p
Copper (cash)	£1,261.75	£1,288.50
Coffee (March)	£2,334.50	£2,336.00
Oil (spot Arabian light)	$27.80	$27.80

TOKYO

Brokers step into limelight

LEADING brokerage houses soared in Tokyo yesterday, pushing the Nikkei-Dow Jones index to an all-time high in the morning, but the average finished lower on late sales of financial stocks, *writes Shigeo Nishiwaki of Jiji Press.*

Medium-capital blue chips involved with compact disc audio equipment came under profit-taking pressure, strengthening the liquidating mood.

The 225-issue market indicator, which reached a record 12,181.97 at one stage, closed at 12,128.46, down 23.91 from Wednesday. Volume totalled 304m shares compared with 294m. Losses outpaced gains 397 to 338, with 177 issues unchanged.

Reports on probably sharp gains in the recurring profits of the largest four securities companies for the October 1984 to March 1985 period was a major buying incentive in an otherwise lacklustre market.

Nomura Securities, which is expected to score a Y95bn recurring profit, drew massive buy orders, soaring Y49 to Y990 on the day's heaviest trading of 17.22m shares. Daiwa Securities was the fifth most active stock, adding Y28 to Y723. Yamaichi and Nikko Securities gained Y38 to Y635 and Y25 to Y640, respectively.

The interest in brokerage houses spurred purchases of other financial stocks. Tokio Marine and Fire advanced Y9 to Y756 on relatively heavy buying and Sumitomo Marine and Fire went up Y10 to Y595. Among city banks, Taiyo Kobe Bank finished Y20 higher at Y595 and Sanwa Bank at 1,460, up Y50.

Hong Kong and Singapore markets were closed yesterday for the Chinese lunar new year.

Elsewhere, biotechnology-related Mitsubishi Chemical gained Y15 to Y429 on the second most active trading of 9.26m shares. But Dainippon Pharmaceutical fell Y100 to Y6,250 and Yamanouchi Pharmaceutical Y90 to Y3,810. Mochida Pharmaceutical again turned lower, losing Y170 to Y12,180.

Investors bought motor manufacturers with small quotas for exports to the U.S. under Japan's voluntary restraints in view of the growing possibility the curbs will be lifted at the end of March. Isuzu rose Y11 to Y399 on 3.35m shares, the day's 10th busiest. Mazda was up Y6 at Y464.

Wednesday's Senate statement by Mr Paul Volcker, the U.S. Federal Reserve Board chairman, was taken as a neutral factor by stock investors. But bond investors initially took it as negative and unloaded their holdings.

The yield on the barometer 7.3 per cent government bonds maturing in December 1993 jumped to 6.98 per cent from 6.825 per cent at one stage. At this level, however, trust banks mounted small-lot buying and investors adopted the view that Mr Volcker's statement did not mean the U.S. monetary policy would be tightened. As a result, the yield fell back to 6.880 per cent.

CANADA

A STEEP downward drop in prices was seen in most Toronto sectors. Although the retreat was much in evidence among the precious metal producers, base metal shares withstood some of the selling pressure.

Union Enterprises was again actively traded and turned C$¼ lower to C$12⅞, while Placer Development was C$½ down at C$24 after news of a forced temporary operational shutdown of its Australian gold mine.

Industrials moved against the weaker trend in a broadly lower Montreal.

EUROPE

Frankfurt falters on profit-taking

SOME heavy profit-taking left West German shares lower yesterday after the record-setting performance seen earlier in the week, but elsewhere, a continuation of buying interest enabled further new peaks to be scaled.

In **Paris**, prices moved up sharply in active trading, again helped by the strength of the dollar. The availability of funds following end-of-month liquidation and the ability of investors to buy stocks on one month's credit at the beginning of a trading account, were added incentives. The CAC General index added 2.3 to a record 205.9.

Food groups were particularly strong while technology issues were led higher by Matra's FFr 105 advance to FFr 1,725. Roussel-Uclaf, the chemicals group, was also strongly ahead, up FFr 80 at FFr 1,580.

Avions Dassault continued its advance with a FFr 50 rise to FFr 1,165 on hopes of a major arms contract with Saudi Arabia.

A continuation of strong foreign demand for blue chips enabled **Amsterdam's** ANP-CBS general index to move further ahead – up 1.1 to a record 205.5, its third consecutive peak.

However, the absence of domestic demand, as investors wait for recent sharp gains to consolidate, left the broader market to close mixed.

Among internationals, Akzo added Fl 1.90 to Fl 109.50, Philips 40 cents to Fl 60.30 and Unilever Fl 1.50 to Fl 342. KLM – a recent favourite with U.S. investors – put on further Fl 1.30 to Fl 58.30.

Against the higher trend, Royal Dutch shed Fl 1.20 to Fl 204.20.

Bond prices were broadly lower in relatively quiet trading.

Brussels continued to move ahead in brisk trading and the stock exchange index added 24.21 to 2,225.25.

The firm tone is being attributed to hopes that the Government will extend laws giving tax breaks to individuals who buy stock. The market is also said to be optimistic that interest rates may ease next month when the state body, Fonds des Routes, makes a new bond issue.

Wiremaker Bekaert gained BFr 50 to BFr 5,100 after its announcement of an order to supply insulation materials for the U.S. space shuttle programme.

Among financial holding companies, Groupe Bruxelles Lambert gained BFr 60 to BFr 2,150 while in the banking sector, Kreditbank rose BFr 90 to BFr 7,950.

A mixed close was seen in **Zurich** with many investors reluctant to take new positions at current high levels. The Swiss Bank industrial index was, however, 1.1 ahead at a record 419.30.

Nestlé partly recouped Wednesday's SwFr 90 loss with a SwFr 60 advance to SwFr 6,410. In a quiet banking sector, Credit Suisse was SwFr 15 higher at SwFr 2,425 ahead of the announcement of its 1984 results which came after bourse trading.

Bond prices were barely steady in very quiet trading. The recent failure of newly-traded bonds to hold issue prices was a depressing factor in a market already inhibited by interest rate and currency developments and the weaker trend on U.S. credit markets overnight.

Profit-taking and a sharp fall in foreign buying activity in **Frankfurt** contributed to the 10.5 decline in the mid-session calculation of the Commerzbank index to 1,178. Later in the session, many prices picked up to close above their lows for the day.

Motor manufacturers were lower after the run-ups seen earlier in the week. Daimler shed DM 7 to DM 652, BMW DM 4.80 to DM 381 and VW DM 1 to DM 196. Porsche slid DM 5 to DM 1,260.

In steels, Klöckner-Werke was another DM 1.90 weaker at DM 72.70

AEG-Telefunken eased DM 2 to DM 111: the group announced it was heading a consortium that had signed a DM 45m contract with China to modernise and automate a sheet steel plant.

Bond prices were sharply lower in active trading and the Bundesbank bought DM 62.1m of paper following purchases totalling just DM 4.1m on Wednesday.

Stockholm was mixed to firmer in quiet trading. Asea was SKr 10 lower at SKr 350 ahead of the announcement of improved 1984 profits, after the market had closed.

Milan and **Madrid** were both easier while in **Copenhagen**, Danske Bank shed DKr 5 to DKr 1,230 as it announced sharply lower pre-tax profits for 1984. **Vienna** continued its record-setting streak.

LONDON

Electricals flicker in firmer trend

A MORE positive trend in equities re-emerged in London yesterday after an early shakeout in the electricals sectors. The FT Ordinary index closed 3.6 higher at 984.9.

Strong dollar/sterling rate fluctuations were ignored by gilt investors and both short and long maturities showed only marginal movements by the close. Index-linked issues lost ⅛ in places.

The £60m issue of Kingdom of Spain stock 2010, the latest bulldog, was over-subscribed with applications in excess of £10,000 scaled down.

Chief price changes, Page 34; Details, Page 35; Share information service, Pages 36–37

AUSTRALIA

THE SHARP sting of profit-taking was felt in Sydney as share prices retreated from the peak set in the previous session. The All-Ordinaries index slipped 3.3 to 795.6 as the Australian dollar firmed slightly and foreign investors liquidated positions.

Industrials were hardest hit while resource issues managed gains before weakening near the close.

BHP extended the steady progess made earlier this week with a further 6-cent advance to A$5.42 while Western Mining closed 5 cents stronger at A$3.63, a gain of 30 cents this week.

SOUTH AFRICA

A WEAKER bullion price combined with the strength of the dollar to deflate gold shares in late trading in Johannesburg.

Randfontein took a R4 tumble to R176 while Free State Geduld confined its decline to 75 cents at R43.50. Other miners suffered a knock-on effect with platinum producer Rustenburg and diamond group de Beers both 20 cents off at R16.40 and R8.85 respectively.

Industries were mixed although sector leader Barlow Rand was unchanged at R10 after displaying weakness in the early part of the week.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23½	15⅞	AAR	.48	2.3	16	124	21⅛	21⅛	21½	+⅛
24½	5⅞	AGS			11	37	15⅝	15¼	15¼	−⅛
15¾	11⅞	AMCA				8	12	11⅞	11⅞	−⅛
17⅞	13⅛	AMF	.50	3.1	36	255	16⅛	16¼	16¼	−⅛
40⅞	24¼	AMR			9	5484	40⅞	39⅝	39⅞	−⅛
22⅜	15¼	AMR	pf2.18	11		13	20	19⅞	19⅞	−⅛
25⅞	22⅛	ANR	pf2.67	11		4	25⅛	25⅛	25⅛	+⅛
14¼	6½	APL			3	32	10⅛	10⅛	10⅛	−⅛
63¾	44⅛	ASA	2	4.1		806	49⅞	48⅞	48½	−1½
27	15	AVX	.32	1.3	15	245	24⅞	24⅝	24⅝	−⅛
49	36⅝	AbtLab	1.20	2.5	14	1131	48⅛	47½	48⅛	−⅛
25⅞	16½	AccoWd	s.44	1.9	19	168	23⅝	23¼	23½	
23⅞	12½	AcmeC	.40	2.3		34	18	17½	17½	−⅛
10⅝	8¼	AcmeE	.32b	3.2	12	11	10	9⅞	10	
17⅞	15	AdaEx	2.11e	12		70	17	16⅞	17	
20	11⅞	AdmMl	.32	1.6	8	12	20	19⅞	19⅞	−⅛
19½	8⅞	AdvSys	.80	6.8	19	108	11⅞	11⅝	11⅞	
41⅞	25½	AMD			14	2536	33⅞	33¼	33⅛	−⅛
12⅛	6⅞	Advest	.12	1.1		130	11⅛	11⅛	11⅛	−⅛
14⅞	8⅛	Aerflex			13	26	13⅞	13⅞	13⅞	−⅛
42⅞	27¼	AetLf	2.64	6.5	39	1347	40¾	40⅞	40¾	+⅛
58⅛	52⅞	AetL	pf5.87e	11		10	55⅞	55⅞	55⅞	
32½	15⅛	Ahmns	1.20	4.1	17	1913	30	29	29	−1⅛
4⅞	2⅞	Aileen			30	15	3	3	3	
51	35½	AirPrd	1.20	2.4	11	507	49⅞	49	49⅛	−⅛
24⅛	13	AirbFrt	.60	2.6	13	192	24⅛	22½	22½	−⅛
2	⅞	AlMoa	.5		27	41	1⅞	1⅛	1⅞	
27⅞	21	AlaP	pf2.94e	11		113	26½	25½	25½	
32	26⅛	AlaP	pfA3.92	12		18	31½	31½	31½	−⅛
7½	6	AlaP	dpf.87	12		35	7⅛	7⅛	7⅛	
73½	61½	AlaP	pf9	13		2210	72	72	72	−1½

Continued on Page 33

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
7¼	3⅞	ACI	n		20	156	5⅝	5⅜	5½	+ ¼
3¼	1⅞	ADI	wt			49	2⅛	1⅞	2	+ ⅛
15½	8¼	AL	Lab .20	1.7	11	27	11⅝	11⅜	11⅝	−⅛
19¾	12	AMC	n .12	.6	14	350	u20	19¼	19¾	+ ¼
5⅞	2⅞	AM	Inl			1098	5¾	5½	5⅝	
78¼	58	ATTFd	n5.52e	7.1		76	77⅞	77¼	77¼	−¼
6	2⅛	AcmePr				4	4⅝	4⅝	4⅝	−⅛
15⅞	8½	AcmeU	.32	3.0	12	13	10⅝	10½	10⅝	−⅛
18¼	10½	Action			33	494	17⅞	17⅛	17⅞	−⅛
9¼	3⅞	Acton				49	5⅞	6⅛	6⅛	−⅛
3½	5-16	Acto	wt			30	⅛	⅜	⅜	−⅛
3⅝	1½	AcmRs			3	23	2⅛	2⅛	2⅛	−⅛
29½	15⅞	AdRusl	.14	.5	20	41	28⅛	27⅞	27¾	−⅛
24⅛	15	Adobe	.28	1.5	12	2092	19⅛	18⅞	19	−⅛
8⅞	4½	Aeronc			7	112	6⅛	6½	6⅛	+ ⅛
38⅞	25⅞	AlIPb	s		17	65	37½	36¼	37½	+1
8¼	6	AirExp			9	105	7½	7¼	7⅜	−⅛
14	6⅞	Alrcal			9	26	8½	8⅜	8½	−⅛
5¼	2⅞	Alamco			5	58	2½	2⅜	2½	
83½	65½	Almito	n			29	81¼	80¼	81¼	+1
13⅞	6⅞	AlbaW			9	1	8⅜	8⅜	8⅜	
9	5⅞	Aloha			2	26	7⅛	7⅛	7⅛	+ ⅛
19	9½	Alphaln	.05	4	16	177	13⅛	13	13⅛	
1⅞	½	Altex				134	1⅛	1⅛	1⅛	+ ⅛
36	29⅞	Alcoa	pf3.75	11.		z300	35	34¼	34¼	+ ¼
28⅛	11	AlzaCp			56	243	25⅛	25⅜	25⅛	
18⅞	9½	Amdahl	.20	1.2	20	612	16⅛	15⅞	16⅛	−⅛
18⅛	6½	Amedco	.08	.8		55	10	9½	9⅝	−⅛
8¼	4¼	AmBlt	.15	1.8	6	24	8⅛	8	8⅛	−⅛
8½	4	AmCap			21	26	7	6¾	6⅞	−⅛
34⅛	12¼	AExp	wt			186	31	30¼	30¼	−⅛
9	5⅞	AFruc	A			247	9	8⅞	8⅞	+ ⅛

Continued on Page 34

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 32

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
6⅞	3⅞	Wurlitzr				62	4	3⅞	4	+ ⅛
18½	10¼	WyleLb	.32	2.1	10	244	15½	15¼	15¼	−⅛
21⅞	16½	Wynns	.60	2.8	8	86	21⅛	21⅛	21⅛	
		X–Y–Z								
46¾	33¼	Xerox	3	6.7	18	1905	45⅛	44⅞	45	−½
51¼	45¼	Xerox	pf5.45	11.		377	51⅛	51	51⅛	+ ⅛
29	19	XTRA	.24		10	115	27⅛	26⅞	27⅛	−⅛
29¼	24	ZaleCp	1.32	4.5	9	91	u29½	29	29¼	+ ⅛
24⅞	14½	Zapata	.84	5.4	13	426	15⅞	15½	15⅝	
58	30	Zayre	.40b	.7	15	1052	57½	56¼	56⅞	−⅝
31¼	18⅛	ZenithE			8	2589	24	22⅞	22⅞	−1⅛
27¼	18	Zero	.40	1.6	19	193	26	25½	25½	−⅛
31⅞	21⅛	Zurnln	1.32	4.3	11	420	30⅞	30¼	30⅞	+ ½

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but *not* the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

Feb. 21	Price Sch%	+ or —
Creditanstalt	235	+1
Goesse	435	+10
Interunfall	480	...
Laenderbank	227	+2
Perlmooser	370	+15
Steyr-Daimler	157	+1
Veitscher Mag.	399	+18

BELGIUM/LUXEMBOURG

Feb. 21	Price Frs.	+ or —
B.B.L.	1,800	+20
Banq. Int. A. Lux	5,550	+80
Bekaert B.	5,100	+50
Ciment CBR	2,680	+10
Cockerill	280	-2
Delhaize	6,830	+30
EBES	2,900	+35
Electrobel	8,400	+100
Fabrique Nat	2,195	+30
GB Inno BM	2,970	+50
GBL (Brux)	2,150	+60
Gevaert	3,800	+40
Hoboken	5,860	+60
Intercom	2,190	+40
Kredietbank	7,950	+90
Pan Hldgs.	11,300	...
Petrofina	7,080	+30
Royale Belge	10,500	+50
Soc. Gen. Banq.	3,425	+50
Soc. Gen. Belge	1,930	+10
Sofina	7,500	...
Solvay	4,215	+55
Stanwick Intl.	1,510	...
Tractionel	4,120	+55
UCB	4,910	+10
Wagon Lits	2,400	+15

DENMARK

Feb. 21	Price Knr %	+ or —
Andelsbanken	282	-4
Baltic Skand	600	-5
CopHandelsbank	285	-5
D. Sukkerfab	550	...
Danske Bank	284	-5
De Danske Luft.	1,230	...
East Asiatic	158	-4
Forenede Brygg.	830	...
Forenede Damp.	89	...
GNT Hldg	405	-10
I.S.S.B.	361	-6
Jyske Bank	550	...
Novo Ind.	1,760	-15
Privatbanken	233	...
Provinsbanken	287	-4
Smidth (F.)	226	...
Sophus Berend	930	-5
Superfos	458	-9

FRANCE

Feb. 21	Price Frs.	+ or —
Emprunt 4½% 1975	1645	+23
Emprunt 7% 1973	7,700	+5
Accor	260	-7
Air Liquide	635	+11
BIC	570	-3
Bongrain	1,670	-50
Bouygues	650	+10
BSN Gervais	2,455	+25
CIT Alcatel	1,279	+18
Carrefour	1,963	+1
Club Mediter'n	1,261	-1
Cie Bancaire	604	-6
Cofimeg	270	-5.5
Damart	2,347	+27
Darty	1,239	-50
Dumez S.A.	618	+28
Eaux (Cie Gen)	589	+1
Elf Aquitaine	248.5	-7
Essilor	2,920	-20
Gen. Occidentale	785	-7
Imetal	84.9	+3.4
Lafarge Coppee	435.5	+9
L'Oreal	2,430	-35
Legrand	2,084	+4
Maisons Phenix	204.5	+6.5
Matra S.A.	1,725	+105
Michelin B.	954	+9
Midi (Cie)	2 275	+15
Moet Hennessy	1 978	+2
Moulinex	107.9	-4.9
Nord Est.	79.3	-1.2
Pernod Ricard	737	+17
Perrier	540	+10
Petroles Fra.	259	+9.5
Peugeot S.A.	289	...
Printemp.Aus.	198.8	+1.8
Radiotech	255	...
Redoute	1,285	+16
Roussel-Uclaf	1,580	+80
Sefimeg	323	+8
Skis Rossignol	2,005	...
Telemech Elect.	2,385	...
Thomson CSF	505	+10
Valeo	232	-9

GERMANY

Feb. 21	Price Dm.	+ or —
AEG-Telef.	111	-2
Allianz Vers	1,031xr	-5
BASF	192.9	-1.4
Bayer	198.8	-2.2
Bayer-Hypo	311	-6.5
Bayer-Verein	324	-2
BHF-Bank	266	-4
BMW	381	-4.8
Brown Boveri	207	-4.5
Commerzbank	165	-4
Cont'l. Gummi	121.8	-0.8
Daimler-Benz	652	-7
Degussa	356	-2
D'sche Babcock	165	-3
Deutsche Bank	404.8	-3
Dresdner Bank	192	-3
GHH	160	-6.5
Hochtief	460	-7
Hoechst	193	-1.4
Hoesch Werke	107.2	-2.8
Holzmann (P.)	399	+4
Horten	168	-3.5
Hussel	193	-1
Karstadt	223.8	+1.8
Kaufhof	222	-2.5
KHD	259xr	-1
Kloeckner	72.7	-1.9
Linde	424	-3
Lufthansa	190.8	-1
MAN	157	-0.5
Mannesmann	154.3	-2.2
Mercedes Hld.	568	-8
Metallgesell.	240	-5
Munech Rueck.	1220	...
Nixdorf	540	-1.5
Porsche	1,260	-5
Preussag	261.2	-2.3
Rhein West Elect	159.5	-6
Rosenthal	240	-5
Schering	468	-9
Siemens	542	-6
Thyssen	102.3	-1.2
Varta	177	-6.5
Veba	166.2	-1.8
V.E.W.	123.2	+0.2
Verein-West.	312	-1
Volkswagen	196	-1

ITALY

Feb. 21	Price Lira	+ or —
Banca Com'le	19,795	-705
Bastogi-IRBS	183.5	-8.5
Centrale	3,275	+26
Credito Varesino	4,260	-540
Ei-Invest	2,985	...
Fiat	2,750	-20
Finsider	64	-2
Generali Assicur.	41,100	-2,850
Italcementi	81,900	-2,000
La Rinascenti	666	+1
Montedison	1,543	-40
Olivetti	6,935	-125
Pirelli Co.	4,405	-130
Pirelli Spa	2,310	-30
Snia BPD	2,975	+35
Toro Assic.	16,016	+585
do. Pref.	12,110	-391

NETHERLANDS

Feb. 21	Price Fls	+ or —
ACF Holding	198	+3
AEGON	172	-0.5
Ahold	219	
AKZO	109.5	+1.9
ABN	396	-3
AMEV	214.5	-0.5
AMRO	76.1	-0.2
Bredero Cert.	156	-1
Bos Kalis Westm.	14	...
Buehrmann-Tet.	94	+1.5
Calland Hldgs.	35.2	-0.1
Dordtsche Pet'm	179.8	-0.9
Elsevier-NDU	113.5	-1
Fokker	98.6	+1.1
Gist Brocades	191	+2.3
Heineken	156.6	-0.4
Hoogovens	62.6	-1.4
Int Mueller	44.7	+0.2
KLM	58.3	+1.3
Naarden	50	+2
Nat Ned Cert.	278.9	-1.1
Ned Mid Bank	190.8	-1.8
Nedlloyd	173.2	-0.7
Oce Grinten	303.5	+2.5
Ommeren (Van)	28.7	+0.3
Pakhoed	71	+0.4
Philips	60.3	+0.4
Robeco	76.2	+0.1
Rodamco	138.5	+0.3
Rolinco	69.9	...
Rorento	44.1	+0.2
Royal Dutch	204.2	-1.2
Unilever	342	+1.5
VMF Stork	148	-0.2
VNU	207	+0.5
West Utr Bank	103.3	-0.2

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all

NORWAY

Feb. 21	Price Kroner	+ or —
Bergens Bank	169	-2
Borregaard	387	+2
Christiania Bank	161	...
DenNorske Cred	164	...
Elkem	150	+2.5
Kvaerner	188	+2
Norsk Data	408	+0.5
Norsk Hydro	109	-1
Storebrand	234	+2

SPAIN

Feb. 21	Price Pta%	+ or —
Bco Bilbao	429	+6
Bco Central	328	+5
Bco Exterior	208	+2
Bco Hispano	165	+1
Bco Popular	382	+12
Bco Santander	344	+3
Dragados	177	-1.5
Hidrola	91	-1.2
Iberduero	98	-3.2
Petroleos	160.7	-2.8
Telefonica	126.5	-3.5

SWEDEN

Feb. 21	Price Kronor	+ or —
AGA	370	-40
Alfa-Laval	196	...
ASEA (Free)	350	-10
Astra (Free)	400	...
Atlas Copco	111	+3
Cardo (Free)	252	-1
Cellulosa	122	-1
Electrolux B	311	+4
Ericsson	296	+1
Esselte	360	...
Mo Och Domsjo	240	+3
Pharmacia	202	-3
Saab Scania Free	445	+20
Sandvik	395	...
Skandia	295	+3
Skan Enskilda	63	+0.5
SKF	194	...
St Kopparbergs	145	+2
Sven Handelsbn.	173	...
Swedish Match	238	-1
Volvo B (Free)	287	+2

SWITZERLAND

Feb. 21	Price Frs.	+ or —
Alusuisse	875	+12
Bank Leu	3,810	...
Brown Boveri	1,620	+5
Ciba Geigy	2,860	+5
do. (Part Certs)	2,245	-5
Credit Suisse	2,425	+15
Elektrowatt	2,705	+25
Fischer (Geo.)	745	-5
Hoff-RochePtCts	88,750	+250
Hoff-Roche 1/10	8,900	...
Jacobs Suchard	6,400	-35
Jelmoli	1,970	-40
Landis & Gyr	1,690	+10
Nestle	6,410	+60
Oer-Buehrle	1,485	-25
Pirelli	292	+2
Sandoz (Br)	7,975	-25
Sandoz (PtCts)	1,380	+5
Schindler (PtCts)	750	+10
Sika	1,130	...
Surveillance	4,150	+15
Swissair	1,150	+5
Swiss Bank	369	...
Swiss Reinsce.	9,650	...
Swiss Volksbk.	1,505	+5
Union Bank	3,670	...
Winterthur	3,720	-30
Zurich Ins.	20,600	+50

AUSTRALIA

Feb. 21	Price Aust $	+ or —
ANZ Group	4.6	-0.05
Alliance Oil Dev.	1.05	...
Ampol Pet.	1.78	+0.01
Ashton	0.95	...
Aust Cons Ind.	1.9	-0.05
Aust. Guarantee	2.6	-0.05
Aust. Nat. Inds	2.65	-0.05
Aust. Paper	2.45	-0.08
Bell Group	5.8	...
Bell Res.	5	-0.08
Bond Corp Hldgs	1.27	+0.02
Boral	3.3	-0.05
Bougainville	2	-0.02
Brambles Inds.	3.93	+0.01
Bridge Oil	3.3	...
B.H. Prop.	5.42	+0.08
CRA	5.64	+0.08
CSR	2.9	-0.04
Carlton Utd.	4.50	...
Castlemaine Tys.	4.72	-0.05
Coles (G.J.)	3.95	-0.07
Comalco "A"	2.7	...
Consolidated Pet	0.47	+0.01
Costain Aust	1.5	...
Dunlop Aust.	2.35	+0.08
Elders IXL	5.1	-0.08
Energ Res.	1.5	...

AUSTRALIA (continued)

Feb. 21	Price Aust. $	+ or —
Gen Prop Trust	2.18	-0.05
Hardie (James)	3.25	...
Hartogen Energy	2.45	...
Herald W'yTimes	4.05	-0.05
ICI Aust.	2.03	-0.01
Jimberlana F.P.	0.28	-0.02
Kia Ora Gold	0.14	...
Lend Lease	6.0	...
MIM	2.68	...
Mayne Nickless	3.85	...
Myer Emporium	1.9	...
Nat. Aust. Bank	3.54	-0.05
News	12.8	-0.05
Nicholas Kiwi	1.85	...
North Bkn Hill	2.34	+0.04
Oakbridge	0.70	...
Pancont'l	1.3	+0.02
Pioneer Conc.	1.63	-0.08
Poseidon	3.1	-0.05
Queensland Coal	1.41	-0.01
Reckitt & Coln.	3.55	...
Repco	1.16	...
Santos	5.56	-0.04
Smith (Howard)	3.9	+0.05
Thos. Natwide.	2.06	-0.02
Tooth	5.8	...
Vamgas	3.5	...
Western Mining	3.63	+0.05
Westpac Bank	3.5	-0.05
Woodside Petrol.	0.87	...
Woolworths	3.2	-0.15
Wormald Intl.	3.15	-0.15

HONG KONG

Feb. 19	Price H.K.$	+ or —
Bank East Asia	24.7	...
Cheung Kong	13.8	...
China Light	14.8	...
Evergo	1.40	...
Hang Seng Bank	47.0	...
HK Elect ric	7.9	...
HK Kowloon Wh.	6.7	...
HK Land	5.05	...
HK Shanghai Bk.	9.0	...
HK Telephone	55	...
Hutchison Wpa.	21.3	...
Jardine Math.	10	...
New World Dev.	6.0	...
Orient O'seas	2.6	...
Oseas Trust Bk.	2.77	...
SHK Props.	9.3	...
Shell Elect	1.78	...
Swire Pac A.	24.9	...
TV—B	6.3	...
Wheel'k Mard A.	7.1	...
Wheel'k M'time	1.15	...
World Int. Hldgs.	2.4	...

JAPAN

Feb. 21	Price Yen	+ or —
Ajinomoto	1,100	+10
Alps Electric	2,250	-30
Amada	1,260	+20
Asahi Chem	660	+1
Asahi Glass	871	-2
Bridgestone	521	+1
Canon	1,380	-20
Casio Comp.	1,960	-30
Chugai Pharm.	1,000	-30
Citizen	582	-12
Daiei	654	-1
Dai Nippon Ptg.	1,000	-20
Daiwa House	642	-5
Ebara	383	-4
Eisai	1,670	-10
Fanuc	15,300	-170
Fuji Bank	1,520	+30
Fuji Film	1,820	-40
Fujisawa	1,060	+10
Fujitsu	1,340	...
Green Cross	1,710	+10
Hasegawa	385	...
Heiwa Real Est.	609	-5
Hitachi	872	+2
Hitachi Credit	1,060	...
Honda	1,430	-20
House Food	685	...
Hoya	2,420	-40
Itoh (C)	324	-1
Ito. Yokado	2,570	...
Iwatsu	1,140	...
JACCS	320	-5
JAL	5,090	...
Jusco	720	+7
Kajima	272	...
Kao Soap	830	+13
Kashiyama	608	...
Kirin	569	-1
Kokuyo	918	+1
Komatsu	443	-2
Konishiroku	707	-6
Kubota	321	...
Kumagai	619	+7
Kyoto Ceramic	6,450	+50
Maeda Const.	455	...
Makino Milling	1,450	...
Makita	1,140	...
Marubeni	306	-2
Marudai	555	+1
Marui	1,030	+20
MEI	1,590	-10
M'ta Elec Works	667	+17
M'bishi Bank	1,500	+30
M'bishi	520	+1
M'bishi Elec	394	-3
M'bishi Estate	559	+17

JAPAN (continued)

Feb. 21	Price Yen	+ or —
MHI	244	-1
Mitsui Co	330	...
Mitsui Estate	650	+5
Mitsukoshi	422	-2
NGK Insulators	551	-5
Nihon Cement	216	-1
Nippon Denso	1,400	-10
Nippon Elect	1,180	-10
Nippon Express	333	...
Nippon Gakki	2,190	-40
Nippon Kokan	134	...
Nippon Oil	825	-5
Nippon Seiko	645	...
Nippon Shimpan	550	...
Nippon Steel	147	-1
Nippon Suisan	328	-3
NTV	12,500	-440
Nippon Yusen	238	...
Nissan Motor	610	+7
Nisshin Flour	479	-2
Nisshin Steel	168	...
Nomura	990	+49
Olympus	1,410	-20
Orient Leasing	3,000	-50
Pioneer	2,940	-60
Renown	657	-3
Ricoh	928	-4
Sankyo	1,080	-30
Sanyo Elect	490	+8
Sapporo	409	+1
Sekisui Prefab	540	-1
Seven-Eleven	8,750	-100
Sharp	1,060	...
Shimadzu	837	-3
Shionogi	705	-1
Shiseido	1,080	+40
Sony	4,400	+20
Stanley	959	-1
S'tomo Bank	1,790	+20
S'tomo Elect	926	+1
S'tomo Marine	595	+10
S'tomo Metal	145	...
Taihei Dengyo	460	...
Taisei Corp	198	...
Taisho Pharm	1,080	-30
Takeda	816	-9
TDK	6,310	-80
Teijin	439	-1
Teikoku	636	+1
Tokyo Marine	756	+9
TBS	839	+13
Tokyo Elect Pwr	1,500	-30
Tokyo Gas	165	...
Tokyo Sanyo	734	+14
Tokyo Style	725	...
Tokyu Corp	309	-1
Toppan Print	877	+4
Toray	428	+2
Toshiba Elect	424	-6
TOTO	645	-12
Toyo Seikan	870	-18
Toyota Motor	1,330	...
Victor	2,140	-10
Wacoal	712	+2
Yamaha	742	+1
Yamanouchi	3,810	-90
Yamazaki	641	-15
Yasuda Fire	377	+11
Yokogawa Bdge.	434	+4

SINGAPORE

Feb. 18	Price $	+ or —
Boustead Hldgs.	1.7	+0.02
Cold Storage	2.88	+0.1
DBS	5.85	...
Genting	5.45	+0.05
Haw Par. Bros.	2.27	+0.02
Hong Leong Fin.	3.3	+0.02
Inchcape Bhd	2.53	...
Keppel Shipyard	1.89	+0.04
Malay Banking	6	+0.1
Malay Utd. Ind.	2.26	+0.02
Multi Purpose	1	+0.05
OCBC	9.15	-0.1
OUB	3.98	-0.02
Public Bank	1.67	+0.05
Sime Darby	1.91	...
Singapore Press	6.50	...
Straits Trdg.	4.5	+0.02
Tat Lee Bk.	2.75	+0.04
UOB	4.46	+0.02

SOUTH AFRICA

Feb. 21	Price Rand	+ or —
Abercom	1.3	-0.05
AE&CI	7.15	...
Allied Tech.	50	...
Anglo Am Coal	44	-1
Anglo Am Corp	23	-0.6
Anglo Am Gold	158	-2
Barclays Bank	14.25	...
Barlow Rand	10	...
Buffels	57.5	-0.5
CNA Gallo	2.4	+0.2
Currie Finance	3.5	...
De Beers	8.85	-0.2
Driefontein	48.25	-0.5
FS Geduld	43.5	-0.75
Gold Fields SA	57.0	...
Highveld Steel	4.0	+0.05
Nedbank	9.75	-0.1
OK Bazaars	13	...
Protea Hldgs.	1.35	...
Rembrandt	29.75	-0.5
Rust Plat	16.4	-0.2
Safren	12.6	...
Sage Hldgs.	6.5	...
SA Brews	6.1	...
Smith (CG)	19	...
Tongaat Hulett	6.0	...
Unisec	4.6	...

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Stock	Sales (Hlnds)	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

A—A … B—B … C—C … D—D … E—E … F—F … G—G … H—H

LONDON

Chief price changes
(in pence unless otherwise indicated)

RISES

Bonusbond	30	+ 5
Brit. Aeros	390	+ 9
Brit. Dredging	79	+ 7
CRA	370	+20
Carlco Engin	243	+13
Christies Intl.	548	+16
DPCE	465	+20
Flogas	73	+ 6
Guinness (A.)	240	+ 8
Haden	300	+20
Hogg Robinson	263	+ 7
ICI	877	+ 7
McFinley Red L.	248	+50
Medminster	155	+ 8
Microvitec	77	+ 6
Plessey	192	+16
Polly Peck	237	+12
Reed (Austin) A	105	+ 7
Saxon Oil	473	+28
Seccombe, Mars	390	+15
Stakis	165	+ 7
Unigate	147	+ 8
Ward Hldgs.	178	+18
Western Mining	238	+14
Wight Collins R.S.	306	+31

FALLS

Tr. 2½pc IL 2003	£100¼	— ⅜
Bestobell	275	—12
Ferguson (Js)	9	— 3
Media Techn	168	—12
Muirhead	184	— 6

Continued on Page 42

CANADA

TORONTO
Closing prices February 21

Sales	Stock	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Total sales 2,831,335 shares

MONTREAL
Closing prices February 21

Sales	Stock	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 33

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

S—S—S … U—U—U … V—V—V … W—W—W … X—Y—Z

LONDON STOCK EXCHANGE

MARKET REPORT

Firm equity trend re-emerges after early shake-out in Electrical sector

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Feb 11	Feb 21	Feb 22	Mar 4
Feb 25	Mar 7	Mar 8	Mar 18
Mar 11	Mar 21	Mar 22	Apr 1

* "New-time" dealings may take place from 9.30 am two business days earlier.

London equity markets were none too certain in the early stages yesterday but the firm underlying trend of the two previous sessions later re-emerged and values closed marginally higher on balance. The early indecision was blamed partly on the Federal Reserve Board chairman's ambiguous remarks regarding U.S. credit policies and partly on an early sell-off of leading Electrical stocks.

Miscalculated sterling conversions of Plessey's third-quarter net income, reported by an agency overnight in New York, brought on the latest attack of nerves in the sector. Official announcement of a £40m profit figure in line with analysts' predictions restored confidence around mid-morning and most issues recovered quickly. Plessey rebounded from 164p in busy trading to close a net 16 up on the day at 192p and other leading Electricals followed.

The price fluctuations in Plessey and other Electrical constituents of the FT Ordinary share index influenced the measure's performance. At 11 am it was showing a fall of 4.3 but from there onwards it progressed higher to close with a net gain of 3.6 at 984.9. With the exception of ICI, still climbing in front of next week's preliminary statement, other blue chip industrials settled with small mixed changes.

The movements in sterling against the dollar, which continued strongly, were largely ignored. Government bonds started easier but often regained the losses, despite the pound's late downturn against all leading currencies. At the close of the session, movements in both short and longer maturities were marginal. Index-linked stocks, meanwhile, lost ⅛ in places on news that applications for the £400m issue of Treasury 2½ per cent 2013 had been allotted in full at a striking price of 88; dealings in the stock begin this morning.

In contrast, the £60m issue of Kingdom of Spain stock 2010, the latest bulldog stock, was oversubscribed with applications in excess of £10,000 scaled down.

Banks quiet

Among Discounts, Seccombe Marshall Campion moved up 15 to 390p for a two-day gain of 70 in the wake of a bid approach. The major clearing banks, having shrugged aside Latin American debt worries on Wednesday, drifted lower initially in the absence of follow-through support. Prices later steadied, however, and NatWest, 11 off at 655p, were the only casualty; Natwest start the clearinging bank dividend season on March 5.

Insurances, under selling pressure earlier in the week on Budget worries, traded on a calmer note, but still settled lower on balance. Composites also gave modest ground ahead of their dividend season. Royal Insurance, annual results due on March 4, lost 5 to 552p, while General Accident, reporting on March 6, slipped 3 to 517p. Elsewhere, Australian group FAI Insurances rose 48 to 728p following the volatile performance of the Australian dollar. Among Lloyds brokers, Hogg Robinson featured with a rise of 7 to 263p following publicity given to a brokers circular. Minet firmed 5 to 266p.

A lively two-way trade left leading Breweries a shade firmer for choice. Arthur Guinness were outstanding and touched 242p before closing a net 8 up at 240p following bullish reports emanating from a broker's lunch.

Minor movements in either direction often disguised a relatively active day's trading among leading Contracting and Construction issues. Sizeable U.S. support for George Wimpey was balanced by domestic selling and the price held at 100p, while a lively two-way business saw Taylor Woodrew slip to 360p prior to closing a net 5 off at 362p. Secondary issues provided several bright features. Ward Holdings figured prominently, the Ordinary rising 18 to 179p and the Deferred 16 to 174p following the excellent annual results. Elsewhere, a newsletter recommendation stimulated strong support for British Dredging which rose 7 to 79p, after 80p; RMC, which holds a 25 per cent stake in BD and is tipped as a possible bidder, drifted off to close 4 cheaper at 356p. Henderson Group continued to respond to acquisition news and rose 8 more to 308p, while Robert M. Douglas hardened 2 to 53p awaiting today's half-timer. Buying ahead of the annual results due on March 6 lifted Federated Housing 3 to 45p.

ICI continued to trade firmly ahead of next Thursday's annual results and the price touched a 1984-85 peak of 885p prior to closing 7 higher on balance at 877p. Other Chemicals tended to ease on end-Account influences, but Hickson International rose 15 to 470p in a restricted market and Leigh Interests improved 3 to 104p.

Vantona up again

Stores lacked a decisive trend. Marks and Spencer hardened a few pence more to 130p, but Woolworth, 563p, and Habitat Mothercare, 336p, both eased around 6. Vantona Viyella again met support in front of next Tuesday's preliminary figures and improved 6 more to 313p. Occasional interest was also noted for Alfred Preedy, 112p, and Austin Reed, 105p, up 5 and 7 respectively.

Leading Electricals followed in the wake of Plessey and most showed gains on balance after an initial setback. Racal settled 6 dearera t 206p and GEC 4 higher at 200p. Disappointing results from bid favourite Muirhead left the close 6 cheaper at 184p, but Microvitec continued to make progress ahead of Monday's preliminary figures and gained 6 further to 77p.

Activity in the Engineering sector again centred around possible bid candidates. Haden settled well above the cash bid of 240p per share from Trafalgar House, closing 20 higher at 300p, while Davy Corporation rose 4 to 99p and Molins a like amount to 132p. Renewed support lifted IMI 5 further to 110p. Confirmation of the sale of its stake in Indian Card Clothing left Carclo up 13 more at 243p, while Lake and Elliot improved late to close 3 higher at 77p on the agreed bid of 80p per share from Sutter.

Among Foods, a broker's circular stimulated demand for Unig taup,e6at — d— Unigate, up 6 at 147p, but profit-taking in the absence of any bid developments left United Biscuits 5 off at 208p. Tate and Lyle slipped to 465p initially, but a mildly bullish annual meeting helped the price revert to the overnight 470p. Elsewhere, recently firm British Vending Industries shed 7 to 62p on end-Acount profit-taking.

Stakis firmed 7 to 185p on news that the company is negotiating to sell its wholesale wines and spirits interest to Scottish and Newcastle Breweries.

Bestobell fall

Leading miscellaneous industrials rallied from a dull start as buyers came for some international stocks. BTR, down to 635p at one stage, ended only a couple of pence cheaper at 639p, while Beecham also settled only 2 lower at 360p, after 355p. Elsewhere, Bestobell weakened 12 to 275p following the company's disclosure of poor trading conditions in South Africa and Australia, which are expected to have a severe impact on group profits for 1984. In contrast, DPCE moved up 20 to 465p in response to the interim figures, proposed £6.9m rights issue and final dividend forecast. Turner and Newall were supported and put on 7 to 112p, while British Aerospace, still reflecting recent newspaper comment, advanced 9 further to 390p. Polly Peck came to life with a rise of 12 at 237p. Bid speculation revived in Brammer, 5 to the good at 321p, after 330p, while bumper interim results prompted a rise of 6 to 73p in Flogas. "New-time" demand ahead of next weke's preliminary statement left Marley a few pence better at 91p. Reuters B encountered initial profit-taking and touched 365p before recovering to close 2 better on balance at 372p; the preliminary figures are expected next Tuesday.

Medminster continued to attract buyers ahead of the half-year results, due on March 4, and rose 8 for a two-day gain of 15 at 155p. Media Technology, however, ran into profit-taking following the interim statement and fell 12 to 168p.

Dunlop recovered from an early 42p to finish a fraction dearer on balance at 44½p; yesterday saw the first closing date of the offer from BTR. A statement regarding the level of acceptances is expected this morning.

Bid speculation continued to shroud Fleet Holdings; opening higher at 296p, the shares subsequently eased to 285p but attracted renewed support at this level and settled 6 up on balance at 291p. United Newspapers, which holds around 20 per cent of Fleet, hardened a couple of pence to 310p, while Aitken Hume rose 8 to 183p. Metal Bulletin rose 10 to 215p following the annual results and proposed 100 per cent scrip issue. Advertising agency Wight Collins Rutherford Scott spurted 31 to 206p in lively trading on the conditional acquisition of public relations concern Biss Lancaster.

Stock Conversion, a strong market on Wednesday as bid speculation revived, hardened 2 to 437p for a two-day gain of 19. Other Properties continued to trade quietly and settled a shade easier for choice, but secondary issues provided a few noteworthy movements. Regalian attracted speculative interest and gained 6 to 82p, while Scottish Metropolitan revived 3 to 85p.

Firm throughout, Courtaulds attracted further support after the official close to finish 4 up for a two-day advance of 8 at 149p as investors remained encouraged by the company's recent meeting with brokers. Hicking Pentecost rose 4 to 48p on fresh speculative demand, but among smaller-priced counters, James Ferguson, formerly Shaw and Marvin, slumped 3 to 9p reflecting the liquidation of bull positions following the disappointing interim figures.

Heavily traded in the U.S. overnight, Imperial Group went further ahead in the early business and touched 212p; business diminished later, however, and the close was finally unchanged at 209p. Bats advanced 5 to 360p.

Saxon oil advance

Secondary stocks provided numerous firm features in Oils. Saxon Oil continued their recent strong advance and jumped 28 more to a year's best of 473p following the interim results and the accompanying statement which revealed another encouraging oil/gas discovery in the Miller Field in the North Sea. Invest Energy's interim figures were well received and the shares improved a further 20 to a 1984/85 high of 630p. Falcon Resources attracted renewed profit-taking and fell to close 15 cheaper at 405p, while Great Western eased 5 to 260p. Firstland Oil and Gas, on the other hand, jumped 15 more to 195p, while speculative demand boosted Oilfield Inspection Services 20 to 95p.

De Beers lose ground

The latest decline in bullion, which took the metal price below the $300 level, and a dull performance by the Rand led to another drab showing by South African gold and related issues.

Little actual selling of Golds was reported but the absence of any significant support caused a gradual decline which left widespread losses throughout the sector. It prompted a further 10.4 fall to 486.8 in the Gold Mines index which has dropped over 24 points over the past three trading days.

The leaders sustained the heaviest losses, with falls in excess of £2 common to Randfontein, £81½, and Vaal Reefs, £76¾. Among the lower-priced issues, ERGO remained especially weak and gave up 15 more at 420p, while South African Land dipped 19 to 224p and East Rand Proprietary 20 to 656p.

South African Financials posted numerous falls. De Beers remained out of favour and gave up 10 more to 407p—a decline of 33 on the week so far, while Anglo American Corporation were ⅛ cheaper at £10¼ and "Amogold" a point easier at £72½. The recently-announced fourth-quarter loss sustained by Phibro Salomon continued to unsettle Minorco, which lost a further 10 to 715p for a three-day fall of 35.

There was no respite for a depressed Platinums sector. Still beleagured by the disappointing interim results published on Tuesday morning, Impala retreated ⅛ more to £10. Rustenburg fell 15 to 740p and Lydenburg 10 to 540p.

UK-domiciled Financials were generally easier. Rio Tinto-Zinc fell away to 650p, following the poor results from Canadian associate Lornex, but subsequently rallied to close 5 off at 653p. The easier gold price left Consolidated Gold Fields 9 lower at 508p.

Arbitrage business, reflecting the erratic performance of the Australian dollar following a rise in "down under" interest rates, gave a considerable boost to turnover in Australians. Share prices moved sharply higher initially but tended to ease a shade in after-hours trading although the leaders closed with sizable gains on balance. CRA were prominent and put on 20 to 370p, Peko-Wallsend jumped 22 to 314p and Western Mining rose 14 to 236p. North Broken Hill added 9 at 150p.

Elsewhere, Canadian exploration issue McFinley Red Lake jumped 50 to 240p following suggestions of an imminent drilling report from the company's Red Lake property in Ontario.

With the active February series having expired on Wednesday, volume in Traded Options was severely reduced. Total contracts struck amounted to 4,626—the lowest so far this year. ICI attracted 485 calls, 217 in the April 900s, while Imperial Group recorded 294 calls and 307 puts. 350 puts were struck in Courtaulds, all in the April 140s.

FINANCIAL TIMES STOCK INDICES

	Feb. 21	Feb. 20	Feb. 19	Feb. 18	Feb. 15	Feb. 14	year ago
Government Secs	79.69	79.82	79.76	79.82	80.15	79.65	82.96
Fixed Interest	83.64	83.79	85.70	83.91	83.97	83.53	86.99
Ordinary	984.9	981.3	977.5	970.5	979.9	984.7	806.9
Gold Mines	486.8	497.2	503.4	511.4	495.8	492.7	671.0
Ord. Div. Yield	4.39	4.40	4.40	4.44	4.40	4.37	4.63
Earnings, Yld.% (full)	10.97	10.99	11.00	11.11	10.99	10.90	9.53
P/E Ratio (net) (*)	10.96	10.95	10.92	10.81	10.93	11.02	12.84
Total bargains (Est.)	24,684	24,005	25,432	24,752	24,448	23,686	22,660
Equity turnover £m.	—	572.80	346.57	331.93	415.07	465.28	300.50
Equity bargains	—	20,615	21,044	24,616	22,117	23,692	21,845
Shares traded (ml)	—	202.2	166.5	169.5	219.9	225.9	178.3

10 am 978.1. 11 am 977.0. Noon 979.3. 1 pm 982.4. 2 pm 982.2. 3 pm 982.7.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

Nil=10.81.

HIGHS AND LOWS — S.E. ACTIVITY

—	1984/85 High	1984/85 Low	Since Compilat'n High	Since Compilat'n Low		Feb. 20	Feb. 19
Govt. Secs.	83.77 (9/1/84)	74.72 (28/7/84)	127.4 (9/1/35)	49.18 (3/1/75)	Daily Gilt Edged Bargains	136.0	129.8
Fixed Int.	87.48	80.43	150.4 (28/11/47)	50.53 (3/1/75)	Equities Bargains	155.6	156.3
					Value	753.5	700.5
Ordinary	1024.6	755.3 (23/7/84)	1024.6	49.4 (26/6/40)	5-day Average Gilt Edged Bargains	136.0	138.7
Gold Mines	711.7 (3/1/84)	439.5	734.7 (15/2/83)	43.5 (26/10/71)	Equities Bargains	145.2	144.5
					Value	780.9	766.2

NEW HIGHS AND LOWS FOR 1984/5

NEW HIGHS (106)

AMERICANS (14)
BANKS (1)
BUILDINGS (7)
CHEMICALS (3)
STORES (3)
ENGINEERING (10)
FOODS (4)
HOTELS (1)
INDUSTRIALS (15)
INSURANCE (3)
LEISURE (3)
NEWSPAPERS (2)
PAPER (6)
PROPERTY (1)
TEXTILES (1)
TRUSTS (28)
OILS (3)
OVERSEAS TRADERS (1)

NEW LOWS (12)

BANKS (1)
Ansbacher (H.)
BUILDINGS (1)
Warrington (Thos.)
ELECTRICALS (4)
Feedback — Memory Computer
HB Elctrnc. Comps. — Prestac
HOTELS (1)
Epicure
INDUSTRIALS (2)
Unigroup — Sharna Ware
MOTORS (2)
Aerospace Eng. — Plaxtons (G.B.)
OILS (1)
Sovereign Oil & Gas

FT conference on private medicine

MR KENNETH Clarke, Health Minister will present the Government view of private health care at a Finacial Times conference, Private Health Care, in London on March 25-26.

The conference will be chaired by Sir Alec Merrison, former Vice-Chancellor of Bristol University and chairman of the Royal Commission into the health service.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Thur Feb 21 1985

FIXED INTEREST

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1984. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment letters or fully paid. ‖‖ Introduction. ◆ Unlisted Securities Market. § Placing price. T Figures assumed. †† Official London Listing. ‡‡ Dealt in under Rule 535(3). † Comprising 100 Ord. and one Pfd. share. ‡ Comprising one 11 per cent Cnv.Uns.Ln. stk. and one Warrant. ● With Warrants attached.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb 18	Mar 1	May 30	June 10
Mar 4	Mar 15	June 13	June 24
Mar 18	Mar 29	June 27	July 8

For rate indications see end of Share Information Service

Stocks favoured for the call included John Brown, Monarch Petroleum, Polly Peck, Exco International, Barratt Developments, Bestwood, Churchill, FKI, Charles Baynes, Empire Stores, Jardine Matheson, Grovebell, Great Western Resources, Aran Energy, Epicure, Breville Europe, Freshbake Foods and Dunlop. A put was arranged in Sangers, but no doubles were reported.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	14	52	40
Corpns. Dom. and Foreign Bonds	5	32	36
Industrials	262	312	878
Financial and Prop.	88	110	346
Oils	23	27	73
Plantations	3	6	8
Mines	41	50	88
Others	61	67	78
Totals	487	656	1,547

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
BAT Inds.	360	+5
British Aerospace	390	+9
Fleet Hldgs.	291	+6
IMI	110	+5
ICI	877	+7
Media Technology	168	−12
Muirhead	184	−6
Plessey	192	+16
Racal Elects.	206	+6
Saxon Oil	473	+28
Ward Hldgs.	179	+18
Wight Collins R.S.	206	+31

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
Imperial Group	23	209	+4
Fleet Hldgs.	20	285	+20
ICI	16	870	+3
Goode D. Mrry.	16	65	+19
Cope Allman	15	164	+12
Aitken Hume	14	175	+7
Delta Group	14	126	+6
Haden	14	280	+48
Marks Spencer	14	128	+4
Plessey	14	176	+6
Reuters B	14	370	+20
BAT Inds.	13	355	+7
Jaguar	13	327	+5
Racal Elects.	13	200	+4

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$300	8	14.50	3	25	—	—	$303.20
GOLD P	$280	64	3.40	6	5	—	—	"

TOTAL VOLUME IN CONTRACTS: 26,022.

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls May	Calls Aug.	Calls Nov.
Imperial Gp. (*211)	160	51	55	
	180	32	37	
	200	19	25	
	220	9	14	
LASMO (*373)	300	80	88	
	330	56	67	

Feb. 21. Total contracts 4,626. Calls 2,757. Puts 1,869.
* Underlying security price.

LONDON SHARE SERVICE

BRITISH FUNDS

1984-85 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
97¾	93½	Treas 3pc 1985	97¾	+⅛	3.07	13.59
102⅝	99⅝	Treas 11¼pc 1985	99⅛	−⅛	11.57	12.97
99¼	96⅛	Treas 8¾pc Cnv '85	98		8.93	12.75
102⅞	99⅞	Exch 12¼pc 1985	99⅞		12.29	12.57
103⅛	99⅛	Exch 11¾pc '86	99½		11.81	12.30
102⅛	96¼	Treas 10pc Cnv 1986	97½	−⅛	10.26	12.39
93¾	88¾	Treas 3pc 1986	93½	+⅛	3.21	8.76
102	96¾	Exch 10½pc Cv '86	97¾	+⅛	10.73	12.37
104⅝	99⅛	Treas 12pc 1986	99½	−⅛	12.05	12.26
99½	93½	Treas 8¼pc 1984-86‡‡	95¼		8.80	11.92
108⅞	102⅛	Exch 14pc 1986	102⅝	+⅛	13.62	12.09
89⅞	85	Exch 2½pc 1986	88⅛		2.83	9.85
107⅛	100⅞	Exch 13¼pc 1987	102¼		12.96	11.87
100⅝	96½	Treas 10¼pcCv '87	97¼		10.54	11.95
27¼	23½	Exch 2½pc 1987	86⅞	+⅛	2.58	9.99
101⅛	94½	Exch 10½pc 1987	97½	+⅛	10.75	11.92
92¼	87	Funding 6½pc '85-87‡‡	90⅛	−⅛	7.19	11.56
99½	92⅞	Treas 10pc 1987	96⅛		10.40	11.91
86½	81⅛	Treas 3pc 1987	85½	−⅛	3.51	10.03
105	97¼	Treas 12pc 1987	100¼	+⅛	11.97	11.85
94⅞	87⅛	Treas 7¾pc 1985-88‡‡	91¼	−⅛	8.49	11.34
100¼	92⅛	Exch 10½pc '88	96⅛	+⅛	10.90	11.90
98⅛	89⅛	Treas 9½pc Cv '88	94⅛	+⅛	10.34	11.86
82⅛	77	Transport 3pc '78-88	82½	+⅛	3.68	9.52
96⅛	88⅛	Treas 9¼pc '88	92⅛		10.24	11.95
106¼	94⅛	Treas 11½pc 1989	98⅞	+⅛	11.63	11.86
96⅛	87⅛	Treas 9¼pc Cnv '89	92⅛	−⅛	10.29	11.88
99⅞	90⅛	Treas 10½pc 1989	95½		11.01	11.89
100⅛	88⅞	Exch 10pc 1989	93½	−⅛	10.70	11.93
101⅛	94¼	Exch 11pc 1989	96⅞	+⅛	11.35	11.91
85⅞	77⅞	Treas 5pc 1986-89	80⅛	+⅛	6.22	10.41
114⅛	100½	Treas 13pc 1990‡‡	104⅛	−⅛	12.43	11.75
23⅛	19⅛	Exch 11pc '90 (£20pd)	19⅞		11.30	11.73
		Five to Fifteen Years				
110⅞	100¼	Exch 12¼pc 1990	101½		12.19	11.82
94½	84⅞	Treas 8¼pc 1987-90‡‡	90½		9.32	11.15
99⅛	90½	Treas 10pcCv 1990	95½	−⅛	10.84	11.92
108¼	94¼	Treas 11¾pc 1991	100½	−⅛	11.55	11.95
84½	75⅛	Funding 5¾pc '87-91‡‡	82½		7.17	10.19
105⅛	93⅞	Exch 11pc 1991	99½	−⅛	11.46	11.87
115¼	98⅞	Treas 12¾pc 1992‡‡	105⅛		12.25	11.87
108½	86	Treas 10pc 1992	92		10.97	11.71
101	94⅛	Treas 10½pc Cv 1992‡‡	98⅛	−⅛	11.16	11.74
111⅛	95½	Exch 12¼pc '92	101½	−⅛	12.07	11.96
117⅛	104⅛	Exch 13½pc 1992	105¾		12.64	12.11
113⅞	98⅞	Treas 12½pc 1993‡‡	104½		12.12	11.89
79¼	71½	Funding 6pc 1993‡‡	75⅞	+⅛	7.87	10.23
121¼	106¼	Treas 13¾pc 1993‡‡	112⅞		12.56	11.96
126¼	108¼	Treas 14½pc 1994‡‡	114½		12.65	11.82
120⅞	106	Exch 13½pc 1994	112½		12.50	12.02
114⅞	96½	Exch 12½pc 1994	103¼		12.11	11.93
94⅛	82⅞	Treas 9pc 1994‡‡	89¼		10.36	11.24
115⅞	94⅞	Treas 12pc 1995	101¼	−⅛	11.94	11.94
66	58¼	Gas 3pc '90-95	65⅞	−⅛	4.62	8.12
100¼	86	Exch 10¼pc 1995	92¼		11.22	11.71
117⅞	102⅞	Treas 12¾pc 1995‡‡	109⅛	−⅛	12.07	11.79
125⅛	106⅞	Treas 14pc '96	113⅛		12.46	11.96
94⅛	83⅛	Treas 9pc 1992-96‡‡	85½	−⅛	10.45	11.27
134⅞	119¼	Treas 15¼pc 1996‡‡	124⅞	−⅛	12.68	11.92
127⅛	106⅛	Exch 13¼pc 1996‡‡	113	−⅛	12.11	11.70
72¼	63¼	Redemption 3pc 1986-96	72¼		4.22	6.61
121⅛	104⅛	Treas 13¼pc 1997‡‡	110⅞		12.07	11.70
104⅛	87⅛	Exch 10½pc 1997	93¼	−⅛	11.26	11.56
92⅛	77½	Treas 8¾pc 1997‡‡	83¼		10.49	11.24
135⅛	112⅛	Exch 15pc 1997	124½	−⅛	11.54	11.94
98¼	84½	Exch 9¾pc 1998	90	−⅛	10.94	11.38
94⅛	88⅞	Exch 9¾pc 1998 'A'	90⅞	−⅛	10.95	11.37
72	68	Treas 6¾pc 1995-98‡‡	73½		9.47	10.90
138¼	123½	Treas 15½pc '98‡‡	123½	−⅛	12.41	11.79
115	100¼	Exch 12pc 1998	106¼	−⅛	11.63	11.52
97⅛	83⅞	Treas 9½pc 1999‡‡	89¼	−⅛	10.76	11.18
116¼	104	Exch 12¼pc 1999	104¼		11.63	11.49
104½	91	Treas 10½pc 1999	97½	−⅛	11.13	11.30
102⅛	89¼	Conversn 10¼pc 1999	95½	−⅛	11.08	11.29
		Over Fifteen Years				
123¾	106½	Treas 13pc 2000	112¼	−⅛	11.71	11.46
128⅛	112¼	Treas 14pc '98-01	118¼	−⅛	12.15	11.70
114⅞	98⅞	Exch 12pc '99-02	105		11.54	11.42
100¼	90	Conv 10pc 2002	96½	−⅛	10.76	10.71
128¼	110¼	Treas 13¾pc 2000-03	117⅛	−⅛	11.92	11.47
114⅞	101½	Treas 11½pc 2001-04	102¼	−⅛	11.16	11.10
51⅛	43¼	Funding 3½pc '99-04	47½	+⅛	7.43	9.53

INDUSTRIALS—Continued

1984-85 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
64	43	Magnolia Group	49		2.5	3.2	7.3	4.8
64	28	‡Mammet Hldgs 10p	37		—	—	—	—
330	157	Man. Ship Can. £1	300	+1	5.5	3.5	2.7	15.5
104	65	Marley	91	+2	†3.2	2.5	5.0	10.2
61½	40	Marling Ind. 10p	61½		†d3.0	5.6	3.0	7.2
46	29	Marshall L'xy. 'A'	38	+1	†1.2	3.6	4.5	(6.8)
77	37	Marshall's Universal	70	+2	†1.75	—	3.6	21.1
89	77	Do. 7½pcCnRedPf £1	80		7½%	—	13.4	—
30	20	Martin-Black	22		—	—	—	—
£108	£81	Mathesons 7¾%	£90		Q7¾%	2.3	8.7	—
432	287	Metal Box £1	415		†15.0	3.2	5.2	6.7
220	129	Metal Closures	150		6.3	2.3	6.0	(8.3)
27	9	‡Metal Sciences 2½p	18	–1	—	—	—	—
133	80	‡Midland Marts	80	–3	4.0	1.8	7.1	10.1
84½	45	Mitchell Cotts	81		4.0	1.5	7.1	11.5
196	132	Morgan Crucible	195		†7.5	1.2	5.5	(19.7)
*36	23	‡Morris (W) F.A. 20p	24		bg0.5	4.0	3.0	22.8
110	80	Mass (Robt.) 10p	100		‡12.5	2.3	3.6	14.5
330	197	‡NMW Computers	273		6.0	3.0	3.1	15.2
65	38	Nash Inds.	38		2.5	1.5	9.4	8.7
48	30	Neil & Spencer 10p	47		—	—	—	20.2
33	13	Newman Industries	20		—	—	—	(11.3)
31	16½	Do. 10pc Cn.Cnv.Pf.	22		10%	—	6.5	—
67	39	Nolton	51	–2	g1.1	4.5	3.1	8.6
183	132	Norcros	163	–1	†7.5	2.4	6.6	8.6
86	53	Nu-Swift 5p	59	–3	†2.4	3.2	5.8	7.7
100	50	Oakwood Grp.	85		4.5	♦	7.6	♦
190	135	Office & Elect	150		7.5	4.2	7.1	6.9
108	92	Oldacre 20p	105		p4.0	2.6	5.4	9.3
875	625	Oriflame Intl SA	625		†Q53c	2.2	7.6	6.0
46	15	Ovenstone 12½c	16		‡Q4.5c	2.2	‡	3.7
£175	£120	Ozalid 9pc Cnv 87-92	£168		Q9%	—	5.4	—
190	105	‡PCT Grp 10p	108	+3	g4.8	2.9	6.2	6.6
£14	975	PLM 'B' Sk 25	£13½		Q21.6%	♦	4.1	♦
193	149	PSM Intl.	179		bg5.25	2.6	4.2	13.1
62	40	‡Pacific Sales 10p	58		b2.4	2.2	6.5	(8.8)
207	148	Parker Knoll 'A'	174	+2	9.0	2.8	7.4	6.8
375	197	Pauls	335	–5	‡8.5	2.5	3.6	14.7
693	403	Pearson	673	–2	†14.0	3.0	3.0	13.4
35	18	Peek Holdings	21		—	—	—	—
107	88	Peerless	88xd		6.3	1.4	10.2	8.9

LEISURE—Continued

1984-85 High	Low	Stock	Price	+ or –	Div Net
288	182	LWT	240	–10	14.0
75	42	Leisuretime Int 10p	65		2.1
160	98	Mngmt. Ag. M. 10p	152		8.75
184	118	‡Media Tech Int 20p	168	–12	ag2.58
156	76	‡Medminster 10p	155	+8	4.85
220	138	‡Mus World 10p	205	–5	†3.0
26	15	‡Nationwide Leis.	25		0.25
46	9	‡Nimslo Int 20c	30		—
31½	14½	‡Owners Abroad	20½	–1	0.75
66	39	Pootas (Lon.)	40		—
29½	20	‡P'dilly Radio NV 5p	23		1.07
130	57	‡Pineapple Dnc St 10p	70		d1.5
430	285	Pleasurama 5p	412		Hg9.2
17	9½	‡Pres Entertain 10p	17xd	+1	bg0.4
158	40	‡Radio City 'A' NV	40		5.6
70	47	‡Radio Clyde NV	47		3.25
148	30	Riley Leisure 10p	55		14.2
174	94	Saga Hols. 20p	174	+4	†3.75
£10½	111	Samuelson Grp £1	960xd	–30	†9.0
34	18	‡Sangers Photo 10p	33		b2.0
172	138	‡Scanro 50p	170		bg3.68
190	98	Scot. TV 'A' 10p	156		†8.1
442	186	SeaCo Inc $0.125	432		—
35	10	‡SelecTV 10p	18		—
145	113	‡Spectrum 5p	115		g2.0
37	24	TSW 5p	29½	+½	1.5
157	79	TVS N/Vtg 10p	137xd		6.0
222	102½	‡Television Svcs 50p	200	+5	11.5
90	60	Tottenham Hotspur	73xd		†d2.9
260	120	Trid'nt TV 'A' 10p	242xd	–2	‡7.5
173	100	‡21st Century Dist	148		—
197	135	‡Tyne Tees TV 'A' £1	153		10.5
101	53½	Ulster TV N/V 'A'	88	+2	4.75
28	17	Webb (Jos.) 5p	22		d0.51
26½	20½	‡Williams (Rex) 5p	26½		d0.91
110	88	Zetters 5p	110		†3.25

MOTORS, AIRCRAFT TRADES

Motors and Cycles

MINES—Continued

1984-85 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
75	31	‡Anglo Utd. Dev.	48		—	—	—
410	210	‡Centennial Min'ls.	250		—	—	—
175	70	‡Colby Res Corp.	80		—	—	—
955	450	Cons. Murch. 10c	475		†Q100c	1.4	10.2
40	25	‡Essex Int. Ir10p	37	+1	—	—	—
252	150	Hampton Areas 10p	195		3.75	2.1	2.6
225	140	‡Highwood Res.	175	+5	—	—	—
£24½	£16	Homestake Mining $1	£21¼	–¼	Q20c	—	0.8
295	135	‡McFinley Red Lake	240	+50	—	—	—
240	101	‡Musto Explorations	240	+10	—	—	—
55	23	‡New Sabina Res C$1	28		—	—	—
365	220	Northgate C$1	315	–10	—	—	—
718	500	RTZ	653	–5	†18.0	2.7	3.9
£155½	£113½	Do. 9⅝pcLn '95-2000	£141½	–1	Q9½%	35.4	6.8
£13¼	850	‡Tara Expln $1	£12½	+¼	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsetable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ▼ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ‡ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ‡ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- ‡ Forecast dividend; cover on earnings updated by latest interim statement.
- ¶ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ∥ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	95	..	Arnott	257	......
Craig & Rose £1	£18	....	CPI Hldgs	58	......
Finlay Pkg. 5p	60	....	Carrol Inds.	105xd	......
Higsons Brew	115	......	Dublin Gas	60	......
Holt (Jos) 25p	830	...	Hall (R. & H.)	47	......
IoM Stm. £1	125	.....	Helton Hldgs.	16	......
IRISH			Irish Ropes	57	......
Exch. 12% 1985	£99⅛	......	Jacob (W.& R.)	65	+7
Nat. 9¾% 84/89	£85¼	+¼	TMG	100	......
Fin. 13% 97/02	£89⅛	......	Unidare	82	......

OPTIONS—3-month call rates

Industrials	p				
Allied-Lyons	16	GKN	27	Turner Newall	10
BAT	32	Hanson Tst.	17½	Unilever	85
BOC Grp.	25	Hawker Sidd	38	Vickers	19
BSR	16	Hse of Fraser	30	**Property**	
BTR	52	ICI	60	Brit Land	12
Babcock	14	"Imps"	18	Cap Counties	18
Barclays Bank	48	Jaguar	28	Land Secs	25
Beecham	32	Ladbroke	24	MEPC	28
Blue Circle	45	Legal & Gen	58	Peachey	22
Boots	15	Lex Service	28	Samuel Props	14
Bowaters	20	Lloyds Bank	45	**Oils**	
Brit Aerospace	33	Lucas Inds.	25	Brit. Oil & Min.	4
Brit. Telecom	11	Marks & Spcr	11	Brit Petroleum	42
Brown (J.)	5	Midland Bk.	30	Burmah Oil	18
Burton Ord	39	NEI	8	Charterhall	6
Cadburys	14	Nat West Bk.	60	Premier	5
Comm Union	19	P & O Dfd	36	Shell	60
Courtaulds	12½	Plessey	17	Tricentrol	18
Debenhams	17½	Polly Peck	26	Ultramar	19
Distillers	28	Racal Elect	18	**Mines**	
Dunlop	6	RHM	11	Charter Cons	18
FNFC	1½	Rank Org Ord	32	Cons Gold	44
Gen Accident	45	Reed Intnl	58	Lonrho	14
Gen Electric	17	Sears	8	Rio T Zinc	56
Glaxo	85	TI	28		
Grand Met	25	Tesco	28		
GUS 'A'	60	Thorn EMI	35		
Guardian	60	Trust Houses	23		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 35

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Robert Fleming & Co Ltd
8, Crosby Square, EC3A 6AN. 01-638 5858

†Am Exempt (18/2)	341.96	349.89		1.85
†Jap Exempt (18/2)	£250.42	258.54		1.40
†Am Prop Tst (15/11)		$11,269		7.00
†Prop Tst (25/12)		£2,116		6.00

†Unauthorised.

Minster Fund Managers Ltd.
Minster House, Arthur St, EC4R 9BH.

Minster	91.0	94.0
Exempt Jan 31	208.2	214.2

Murray Johnstone U.T. Mgmt. (a)
163, Hope Street, Glasgow, G2 2UH.

Murray American	106.4	113.0
Murray European	110.3	118.6
Murray Smaller Cos.	146.3	158.7

Next dealing Friday

National Provident Inv Mgrs Ltd
48, Gracechurch St, EC3P 3HH.

NPI Gth Un Tst.	153.4	163.2
(Accum Units)	239.5	254.8
NPI O'seas Trust	454.3	480.8
(Accum Units)	544.4	576.1

For National Westminster see County Bank

Northgate Unit Trust Managers Ltd.
3 London Wall Bldgs, EC2M 5PU

Northgate Feb 21	163.6	172.3
(Accum. Units)	199.2	209.7

Norwich Union Insurance Group (b)
PO Box 4, Norwich, NR1 3NG

Group Tst. Fund	916.6	964.8

Octavian Unit Trust Mgrs Ltd
84 Fenchurch St, EC3M 4BY

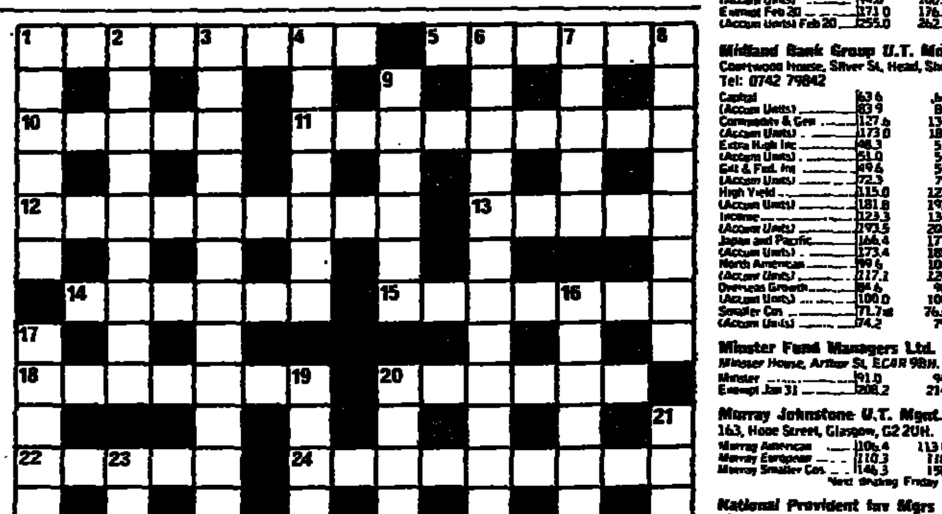
Special Trust	53.9	57.4

Oppenheimer Fund Mngt Ltd.
66 Cannon St, London EC4N 6AE

Pearl Trust Managers Ltd. (a)(g)(z)
252, High Holborn, WC1V 7EB.

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,651



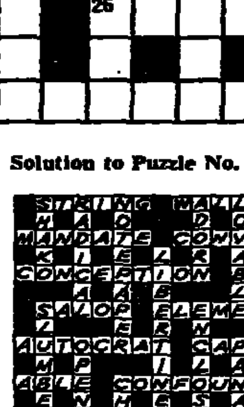
ACROSS

1 The Saint surprisingly lacking in confidence (8)
5 Daisy North back on board (6)
10 Frost on head of cabbage—shameful thing! (5)
11 That is going on since a gun went off (9)
12 See man on board, not entirely wealthy (9)
13 After a piece of chocolate-roll? (5)
14 Milk protein—get a box at home (6)
15 One does not recall having it (7)
18 Besides having tea outside, it is a capital site for a hospital (7)
20 Old man chopped down tree (6)
22 Tap handle (5)
24 Plant paintings—I suppress emotion (9)
25 Rash not under control (9)
26 Victor does not start with shot at bull (5)
27 Great beam as revolutionary equipment is returned (6)
28 Aardvark before rate changed (3-5)

DOWN

1 Mythical queen of the Cuban line? (6)
2 Scaphoid in higher degree and orderly (9)
3 Established authority taken from Romans (3, 6, 4, 2)
4 No charge for this tiny particle? (7)
6 Can impale things, perhaps, in the office (8-7)
7 Order English dictionary, abridged (5)
8 *African developing in a region that has lost nothing* (8)
9 Wattle—first-class accountant, with partner, retiring (6)
16 Top dressing that keeps the onion cool? (3-6)
17 An article on science that is severely critical (8)
19 *Flower for athletic woman* (6)
20 Workman-like rendering of Sinatra? (7)
21 Native carrier who presents a cheque (6)
23 Part of Oxford not walked upon? (5)

Solution to Puzzle No. 5,650



INSURANCE, OVERSEAS & MONEY FUNDS

Save & Prosper Group
28, Western Rd, Romford RM1 3LB 0708-66966

Global Equity Fund (z)	95.9	101.5		—
Bal. Inv. Fd.	303.2	320.9		—
Property Fd.	289.8	306.7		—
Gilt Fd.	233.1	246.7	+0.6	—
Deposit Fd.‡	196.7	208.2		—
Man. Pens. Fd.	65.2	69.0	+0.1	—
Equity Pens. Fd.	66.5	70.4	−0.3	—
Prop. Pens. Fd.	56.2	59.5		—
A. G. Bond Fund (z)	77.2	81.7	+0.1	—
Dep Pen Fd‡	53.1	56.2	+0.2	—
Gilt Pens Fd.	51.8	54.9	+0.2	—
Global Eq Pens Fd	75.8	80.3		—

‡Weekly dealings.

Schroder Life Assurance Ltd.
Enterprise House, Portsmouth. 0705 827733

Equity	587.7	618.6	+1.2	—
Fixed Interest	253.7	267.0	−0.7	—
Managed	308.7	324.9	+0.2	—
Deposit	186.1	195.9		—
Overseas	204.7	215.4	+0.4	—
Property	284.2	299.3		—
American	214.5	225.7	+0.3	—
Australian	116.6	122.7		—
European	194.9	205.1	−0.4	—
Gilt & Fxd Int	137.6	144.8	+0.5	—
Income Accum	258.5	272.1	+0.7	—
Income Distrib	201.5	212.1	+0.7	—
International	203.0	213.7	+0.2	—
Japan Smllr Co's	118.4	124.6		—
Singapore & Malay	144.1	151.6	+0.3	—
Smaller Co's	254.5	267.8	−0.5	—
Tokyo	225.8	235.9	+0.9	—
U.K. Equity	236.2	248.6	+0.6	—
CCM Vanguard Mngd	260.2	273.8	−0.6	—
Equity Pension	350.8	369.2	+0.8	—
Fxd Int Pension	206.3	217.1	−0.7	—
Guaranteed Pens	117.8	124.0	+0.4	—
Index-Linked Pens	101.9	107.2	+0.3	—
Managed Pension	772.0	812.6	+0.6	—
Deposit Pension	115.3	121.3		—
Overseas Pension	212.6	223.7	+0.2	—

Target Life Assurance Co. Ltd.
Target House, Gatehouse Road, Aylesbury, Bucks. Aylesbury (0296) 5941

Managed	318.1	334.9		—
Property	240.0	252.7		—
Fixed Int	148.5	156.4	−0.2	—
UK Equity	297.8	313.5	−0.7	—
Int. Equity	246.2	259.2	+0.6	—
Deposit	140.4	147.8		—
Managed Property	107.8	113.5	−1.6	—
American Eagle	120.6	127.0	+0.9	—
Technology	96.8	101.9	+0.8	—
U.S. Special Bond	131.1	138.1	+0.3	—
Pacific	117.9	124.2	+0.9	—
Australian	115.7	121.8	+4.8	—
Japan	161.7	170.3	+1.3	—
Malaysia & S'pore	117.5	123.7	−0.1	—
Commodity	122.4	128.9	+0.3	—
Energy	85.2	89.7	−0.1	—
Gold	118.6	124.9	−0.7	—
Financial	142.4	149.9	−0.6	—
Income	148.4	156.2	−1.0	—
Special Situations	178.9	188.4	+0.3	—
Preference	105.3	110.9		—
Managed Currency	79.3	83.5		—
European				—
Sterling	10.1			—
Pension Funds				
Managed Pension	841.8	886.2	−0.7	—
Gilt Pens.	286.2	301.3	−0.4	—
Property Pens.	336.9	354.7		—
Equity Pens.	319.7	336.6	−1.2	—
Index-L Plan	110.8	116.7	−0.1	—
Guar. Pen	211.1	222.3		—
Lifetime Retirement	108.5	114.3		—

Prices quoted are for Accumulation units.

Transinternational Life Ins. Co. Ltd.
55-57, High Holborn, WC1V 6DU. 01-831 7481

OFFSHORE AND OVERSEAS

Money Market Trust Funds

	Nom	CAR	Int Cr	Notice
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	13.83	14.38	6-mth	Call
7-day Fnd	13.94	14.59	6-mth	7-day
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	13.88	14.31	6-mth	Call
7-day Fund	13.92	14.40	6-mth	7-day
Money Mngt. Acct.	13.62	14.33	3-mth	Call
Dollar	7.44	7.57	6-mth	2-day

Money Market Bank Accounts

	Nom	APR	Int Cr	Notice
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc.	13.75	14.48	Qtrl	Call
High Int. Chq.	13.50	14.37	Mthl	Call
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Cheque Acc.	13.25	14.09	Mthl	Call
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	13.25	13.92	Qtrl	Call
Britannia Grp of Investment Companies 29 Finsbury Circus, EC2M 5QL. 01-588 2777				
Cater Allen	13.25	14.09	Mthl	Call
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	13.25	14.08	Mth	Call
U.S. Dollar	6.50	7.76	Mth	Call
German Marks	5.0	5.11	Mth	Call
Swiss francs	2.0	2.01	Mth	Call
Japanese Yen	5.0	5.11	Mth	Call

NOTES

COMMODITIES AND AGRICULTURE

U.S. oil refiners call for gasoline import controls

BY NANCY DUNNE

A CALL for controls on U.S. oil product imports was issued yesterday by a group of leading refiners just as the American Petroleum Institute (API) was announcing that product imports exceeded crude imports last week for the first time in recent history.

Speaking for a newly formed coalition of 15 major refiners Mr Charles E. Walker, a prominent Washington consultant, told a press conference increasing gasoline imports had already driven 117 U.S. refineries out of business since 1981 and another 50 might have close by the end of the decade.

"America is rapidly replacing its dependency upon imported crude oil for dependency upon foreign gasoline," he said.

The coalition is seeking import quotas or a combination of quotas and tariffs on imported gasoline.

Last week the U.S. imported 1.8m barrels of refined oil, compared with 1.3m barrels of crude oil, the API said. Crude oil stocks were 25m barrels below last year at this time with 315m barrels on hand. Distillate fuel oil stocks were 7.6m barrels ahead of last year with 133m barrels reported.

The new independent refiners coalition bases its case on the grounds of national security. It says the U.S. no longer has the capacity to meet daily refining requirements should the U.S. have to draw oil from its strategic reserves in an emergency.

The refiners say they have invested over $10m in modernising facilities in the past few years, but not even the most efficient plants can compete with foreign gasoline, now being sold below the price of the artificially high crude prices.

They claim Opec countries can undercut domestic refineries because they control the source of crude oil and need not pay the costs of pollution control and health and safety requirements.

Mr Walker said nearly one of every 10 gallons of gasoline sold at the pump was imported or made from imported components. "Opec nations alone will add over 1m barrels per day in refining capacity by the end of the year, and a total of 2m barrels per day in new refining capacity by 1988."

He warned that once foreign refineries drive U.S. plants out of business they would be free to dictate product prices to American consumers.

Oilseed industry in EEC faces extinction

By Andrew Gowers

THE EUROPEAN oilseed crushing industry is in danger of extinction because of a shortage of raw materials, the head of the European Commission's oilseed division said yesterday.

In a paper presented in his absence at Agra-Europe's outlook conference, Sr Giampiero Schiratti said crushers could not increase significantly their oilseed purchases from the world market, and that production of oilseed within the Community was being undermined by budgetary constraints.

According to the Dutch commodity board for margarine, fats and oils, EEC oilseed processing fell by 7 per cent to 14.6m tonnes last year, and Sr Schiratti said the decline might continue.

One solution, he suggested was to boost Community funds through a tax on oils and fats, an idea proposed several times by the Commission but rejected by ministers.

"The only remedy in our hands lies in increasing Community (oilseed) output . . . This increase must be achieved at a lower cost than is the case today," he said.

Although EEC production of crops such as oilseed rape and sunflowers has increased more than fivefold in the past 11 years—now accounting for 25 per cent of crushings in the Community, compared with only 12.5 per cent in 1973—spending on the sector has grown 11 times.

In tandem with price support for growers, the EEC provides a subsidy to crushers to make up the gap between the artificially high price they pay for Community oilseeds and the world market level. The industry is also free to buy oilseeds on the world market.

But Sr Schiratti pointed out that supplies of raw materials outside the Community had become less secure as Argentina and Brazil had developed their own crushing industries. This meant that they were putting competitive pressure on EEC crushers by exporting cheap soyameal instead of soyabeans.

David Dodwell on how astrology and fear led to record gold sales

The year Hong Kong went for gold

PERHAPS IT was all to do with political uncertainty, perhaps with the year of the rat, but 1984 was a record year for gold sales in Hong Kong—in stark contrast to almost every other major financial centre.

Over the past two months, Hong Kong has accounted for a quarter of world sales of Krugerrands, with demand for local Tael gold similarly buoyant. The international gold corporation, marketing arm of the South African Chamber of Mines, has revealed that the one-millionth Krugerrand was sold in Hong Kong in January after five years of being traded in the territory.

For 1984 as a whole, imports of physical gold amounted to 4.45m oz according to the local census and statistics office — worth about $1.86bn. This compares with imports of 990,000 oz in 1983. Officially recorded exports have dwindled from 1.13m oz to 40,000 oz.

It is widely believed that the volume of gold exports is significantly understated because of covert sales to nearby countries like Taiwan and South Korea, where gold trading is severely restricted. However, since this covert business has remained steady for several years, the statistics are thought to reflect fairly accurately the increase in local demand for gold.

While the world dollar price for gold steadily tumbled over the year, Hong Kong investors were persistent buyers. New Krugerrand sales over the year amounted to 890,421 oz. This added up to 14.8 per cent of aggregate world sales — compared with 4.3 per cent in 1983 — and provides an intriguing insight into this Chinese community of less than 6m people.

Mr Joseph Lo, head of Intergold's coin division in Hong Kong, commented: "On a per capita basis, Hong Kong is without question the most important market in the world."

Almost a third of the demand came in July—a month of extreme political uncertainty as British and Chinese negotiators entered the critical final stage of talks over the future of the territory when China regains sovereignty in 1997.

It was a month when many local people were thinking hard about packing their bags—and not surprisingly one symptom of that was to buy gold. Krugerrands, more acceptable in Europe and the U.S. than 99 per cent pure Tael bar, were understandably in heavy demand.

Gold dealers noted that Hong Kong Chinese—whose habit of hoarding gold against political uncertainty is centuries old—are traditionally heavy buyers in a falling market. A present prices, they evidently see gold as a bargain, whether prices are likely to fall farther or not

Another stimulus has been the r-emergence of gold trading inside mainland China, the ban on gold sales was lifted at the end of 1982, and since then demand has rocketed. As the Chinese currency, the renminbi, has been steadily devalued against the U.S. dollar, so local fears about inflation have diverted interest into gold.

But probably the main reason for Hong Kong's gold-buying spree was the idiosyncratic fact that 1984 was the year of the rat. It was also the first year of the 60-year cycle of the traditional Chinese calendar, and a "leap" year, with 13 lunar months in it.

This may mean nothing to a western barbarian, but to Hong Kong's conservatively-minded Chinese it adds up to one of the most auspicious years possible in which to get married. And of course, when Chinese couples get married, it is traditional that family and friends give them gifts of gold or gold jewellery. With almost 54,000 marriages last year—a 25-year record—the impact on the local gold market has been considerable.

Sadly for local gold dealers—and perhaps for those in mainland China too—the lunar year just begun, the year of the Ox, is a poor one for marriage. With the political upheavals of 1984 also in the past perhaps the sales boom is about to end.

World sugar market faces gloomy future, says expert

THE world sugar market, now in its worst-ever crisis, is unlikely to recover for at least three years, a leading West German commodity analyst said yesterday.

Herr Helmut Ahlfel, managing director of the sugar statistics company F. O. Licht, told Agra-Europe's agricultural outlook conference that record stocks would continue to overhang the market for the foreseeable future, while consumption was stagnant and production stubbornly high.

Late last year, free market prices in London hit a 14-year low, but have since recovered marginally.

Herr Ahlfeld pinpointed several factors behind the "severe and prolonged structural crisis."

One was the increasing use of cheaper artificial sweeteners, such as isoglucose and aspartame, instead of sugar in several Western countries, especially Canada, Japan and the U.S.

Production of maize-based isoglucose had risen from zero in the early 1970s to more than 5.3m tonnes last year, while low-calorie aspartame, now used in over 30 countries, was likely to make considerable inroads into the market for both isoglucose and sugar.

As a result, sugar consumption—now about 97m tonnes—was unlikely to rise to more than 102m tonnes by 1989, and could be significantly less.

A second factor was record stocks and excess production capacity. Supply, put in F. O. Licht's most recent estimate at 97.424m tonnes, is more or less in balance with demand in 1984-1985.

But Her Ahlfeld predicted that in August, stocks would be 15m tonnes above what is regarded as the desirable 25 per cent of consumption. They were unlikely to fall for two or three years at least, he added.

Meanwhile, world production capacity is estimated at between 115m and 120m tonnes. Herr Ahlfeld said that any fall in EEC production resulting from the forthcoming review of the Community sugar regime would probably be very limited.

Ivory Coast bank sues cocoa group

IVORY COAST'S state-owned Banque Nationale De Developpement Agricole (BNDA) is claiming $58m (CFA 29bn) from one of the country's largest cocoa and coffee exporters, Cogexim, in a case brought before a civil tribunal in Abidjan.

The sum constitutes principal and interest on money allegedly advanced to Cogexim to finance crop purchases during the 1981-83 seasons.

Cogexim, an entirely locally-owned private company headed by the mayor of Abidjan, Emmanuel Dioulo, a prominent political personality, has grown rapidly in recent years in partnership with Eximat.

During the 1983-84 season Cogexim - Eximat purchased more than 50,000 tonnes of cocoa.

Early last year Cogexim issued a communique to deny that it was in financial difficulties and that it would continue to honour its export sales contracts.

European zinc producer price up

BY JOHN EDWARDS, COMMODITIES EDITOR

A RISE IN the European producer price for zinc, from $906 to $940 a tonne, was announced yesterday by the UK smelter, A. M. and S. Europe, and Electrolytic Zinc of Australia.

The increase, likely to be followed by other producers, came after a general rise in North American zinc producer prices by 2 cents to 45 cents a lb and the recent surge in London Metal Exchange zinc values to the highest level for 11 years.

The move to $940 only puts the European zinc producer price back to the level it was last October after a series of reductions last year from a high of $1,090 to a low of $900.

Since then the rising value of the dollar has continued to push up prices in European currency terms and helped boost LME values.

The rise in the LME zinc market has also been aggravated by a technical supply "squeeze" created by a threatened shortage of standard (good ordinary brand) zinc, on which the LME contract is based.

Yesterday cash zinc, in fact, fell by £20.50 to £813 a tonne on some freer cash offerings, while the three months quotation lost £4.75 to £793.50—after touching a peak of £803—reflecting the sharp fall in copper.

Three months higher grade copper dropped to £1,276 at one stage, before rallying to close at £1,288.25 a tonne, still £22 down on the previous close. The cash price was £26.75 lower at £1,261.75.

Dealers said the sudden decline was triggered off by heavy selling on the New York copper market in front of the forthcoming last delivery date for the March position.

Speculators evidently decided to take profits after the recent rise and this was only partly resisted by trade buying support.

The widening of the gap between cash and three months prices was a depressing influence suggesting that more supplies of spot copper are available.

Confirmation that Mount Isa Mines has suspended production at its copper/lead/zinc plants in Queensland, following a strike by 1,500 workers, had already been discounted and had little impact.

The strike stopped production of zinc, lead and copper when there was no more material to work with following Tuesday's walkout.

The workers, members of Trades and Labour Council affiliated unions, went on strike in support of a power workers strike in Queensland, stopping hoisting operations.

The company, a unit of MIM Holdings, said it could not resume smelting until the workers went back.

Mount Isa's production for 1985 was projected at about 155,000 tonnes of copper, 180,000 tonnes of contained lead and 380,000 tonnes of zinc concentrate.

Indian diamond import protest

INDIAS diamond traders have suspended indefinitely imports of rough diamonds following "arbitrary" tax raids on traders' business premises and the seizure of goods.

The Gem and Jewellery Export Promotion Council said traders had refused to take delivery of $25m of roughs this month.

An income tax official said the raids were to detect unpaid taxes by diamond traders/exporters.

India exported Rs 9bn processed diamonds in the year to March 1984 and it likely to export Rs 12bn in 1984-85.

India imported 31m carats of roughs worth Rs 9.01bn in 1983-84 compared with 26m carats worth Rs 6.65bn in 1982-83.

The spokesman said traders had enough stocks of rough diamonds to meet export commitments for three to four months.
Reuter

LONDON MARKETS

London cocoa futures continued Wednesday's strong rise in early dealings but failed to hold the gains. Commission house, trade and chartist buying against a background of weaker sterling pushed the May delivery position up to £2,207 a tonne in the morning. But profit taking and hedging sales reversed the trend and the May quotation ended the day only £7 up on balance at £2,185.50 a tonne. Ivory Coast physical sales also encouraged the selling, dealers said.

The coffee market was again featureless and prices traded in a narrow range before ending a few pounds lower.

Nearby sugar futures values moved around a dollar a tonne higher before a downturn was triggered by a weak opening in New York. Prices finished marginally lower on the day.

MAIN PRICE CHANGES

In tonnes unless otherwise stated

METALS	Feb. 21 1985	+ or —	Month ago
Aluminium	£1100	......	£1100
Free Mkt.	$1155/1175	—20	$1130/1150
Copper			
Cash h Grade	£1261.75	—26.75	£1244.5
3 mths	£1288.25	—22.0	£1251.25
Gold troy oz	$299.25	—3.5	$301.75
Lead Cash	£333	—5.75	£383.5
3 mths	£342.25	—5.5	£360.75
Nickel			
Free Mkt	225/255c	—2 5	228/258c
Palladium oz	$122.50	—4.50	$122.25
Platinum oz	$271.00	—3.00	$271.00
Quicksilver	$295/305	......	$295/305
Silver troy oz	567.00p	—3	537.70p
3 mths	585.15p	—3.25	553.15p
Tin cash	£10,055.5	—2.5	£9815
3 mths	£10,055.5	+3.0	£9752.5
Tungsten	$75.68	—2.59	$83.85
Wolfram 22 04lb	$73/77	......	$66/70
Zinc	£815	—20.5	£757
3 mths	£793.5	—4.75	£733.25
Producers	$900	......	$900

OILS	Feb. 21 1985	+ or —	Month ago
Coconut (Phil)	$845u	+25	$840
Palm Malayan	$610w		$575
SEEDS			
Copra Phil	$510v	+10	$520
Soyabean (U.S.)	$243		$253.5
GRAINS			
Barley Fut. May	£115.90	+0.55	£116.45
Maize	£148.75		£147.25
Wheat Fut. May	£116.20	—0.85	£116.80
No. 2 Hard Wint.	‡		
OTHERS			
Cocoa Ft. May	£2185.5	+7	£2093.5
Coffee Ft. May	£2376.5	—5.5	£2378.5
Cotton A Index	58.05c	—0.30	70.95c
Gas Oil March	$233.875	+1	$225
Rubber (kilo)	66p	+1	64p
Sugar (raw)	$112.5ux	—1.5	$107
Wooltops 64s	506pkilo	—14	514pkilo

‡ Unquoted. w March. x April. u Feb-March. v March-April. † Per 75-lb flask. n Nominal. c Cents a pound.

INDICES

FINANCIAL TIMES

Feb. 20	Feb. 19	M'th ago	Year ago
296.93	295.87	297.36	291.16

(Base: July 1 1952 = 100)

REUTERS

Feb. 21	Feb. 20	M'th ago	Year ago
2022.6	2027.0	2003.4	1963.6

(Base: September 18 1931 = 100)

MOODY'S

Feb. 20	Feb. 19	M'th ago	Year ago
964.7	962.8	—	1051.1

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	Feb. 20	Feb. 19	Month ago	Year ago
Spot	120.67	120.76	—	138.01
Fut.	N/A	N/A	—	140.91

(Base: December 31 1974 = 100)

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	1251.5-2	—33.5	1261.5-2	—26.7
3 months	1276-.5	—35.0	1310-.5	—22.0
Settlem't.	1252.5	—33.5	—	—
Cathodes.				
Cash	1246-8	—41.0	1257-9	—28.5
3 months	1272-5	—34.5	1282-5	—25.5
Settlem't.	1248	—41.0	—	—

Amalgamated Metal Trading reported that in the morning three months higher grade traded at £1,277, 78, 77.5, cash £1,250, 50.5, 51, 51.5, 52, 51.5, three months £1,278, 77.5, 78. Kerb: Higher Grade: Three months £1,280, 79, 80, 81. Afternoon: Higher Grade: Three months £1,280, 81, 81.5, 82, 83, 82.5, 83, 82.5, 82, 87, 86, 87, 88, 88.5. Kerb: Higher Grade: Three months £1,291, 90, 89, 88, 87.5, 87, 86, 87. Turnover: 35,375 tonnes. U.S. Producers: 66.50-70.00 cents a pound.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	10045-5	+4.5	10055-6	—2.5
3 months	10055-70	+5.5	10060-5	+3.0
Settlem't.	10045	—	—	—
Standard.				
Cash	10043-5	+6.5	10055-6	—2.5
3 months	10055-8	+10.5	10055-8	+3.0
Settlem't.	10045	+5.5	—	—
Straits. E.	$29.15	—	—	—

Tin — Morning: Standard: Cash £10,045, three months £10,050, 57, 55. Afternoon: Standard: Cash £10,035, three months £10,050, 55. Kerb: Three months £10,055. Turnover: 1,405 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	333.5-4	—4.5	332.5-3.5	—5.75
3 months	342-.5	—4.5	342-.5	—5.5
Settlem't	334	—4	—	—

Lead—Morning: Three months £344, 43, 42.5, 42, cash £333, 33.5, 34, three months £343, 43. Kerb: Three months £343.5, 43, 42.5. Afternoon: Three months £342, 42.5, 43, 42.5. Kerb: Three months £343. Turnover: 10,000 tonnes. U.S. Spot: 18.00-22.00 cents a pound.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	809 11	—27.5	812 4	—20.5
3 months	802-.5	—14.5	795.4	—4.75
Settlem't	811	—27.0	—	—

Zinc—High Grade Official/Unofficial prices: Cash nm £809-£811, pm £812-£814. Three months am £822-£825, pm £815-£820. Settlement: £811. Morning: Three months £798, 99, cash £810, 11, three months £797. High Grade: Cash £810. Kerb: Three months £797, 96, 94.5. Afternoon: Three months £791, 90, 93, 94, 95, 94. Kerb: Three months £796, 95, 94, 93, 94, 95. Turnover: 11,625 tonnes.

ALUMINIUM

Alumn'm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	1004-5	—7.0	1011-.2	—5.75
3 months	1039.5-40	—6.5	1046.7	—5.0

Aluminium—Morning: Three months £1,039, 40, 41, 39, 39.5. Kerb: Three months £1,040.5, 41, 42, 41. Afternoon: Three months £1,040, 41, 41.5, 42, 43, 44, cash £1,012, three months £1,046, 47, 46. Kerb: Three months £1,047, 48, 46.5, 46. Turnover: 19,300 tonnes.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	4663-5	—31.5	4665-70	+6.0
3 months	4670-1	—15.5	4686-90	+10.0

Nickel — Morning: Three months £4,665, 70, 75, 75, 80, 75. Afternoon: Three months £4,670, 75, 85, 90, 85. Kerb: Three months £4,710, 20, 30, 20, 10, 20, 25, 30. Turnover: 1,422 tonnes.

GOLD

Gold fell below $300 an ounce in the London bullion market yesterday to finish at $299-299½, a fall of $3½ from Wednesday's close. It opened at $302½-303 which proved to be the day's high and fell away after the opening of New York as the dollar's firmer trend. At one point it touched a low of $297½-298.

Turnover: Nil (16) lots of 100 troy ounces.

SILVER

Silver was fixed 3p an ounce lower for spot delivery in the London bullion market yesterday at 567p. U.S. cent equivalents of the fixing levels were: spot 818.8c, down 6.4c; three-month 628.6c, down 6.8c; six-month 645.05c, down 6.65$ and 12-month 678.7c, down 6.25c. The metal opened at 569-572p (620-623c) and closed at 562-565p (609-612c).

SILVER per troy	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	567.00p	—3.00	558.75p	—12.2
3 months	585.40p	—3.25	578.25p	—11.7
6 months	602.50p	—3.05	—	—
12 months	636.10p	—2.40	—	—

LME—Turnover: 64 (49) lots of 10,000 ounces.

Morning: large 1st ring: three months 587. 2nd ring: three months 585.5. Kerb: Untraded. Afternoon: large 1st ring: three months 578.5. 2nd ring: three months 580, 79, 78. Kerb: large three months 579.

COCOA

Futures moved £26.00 higher than the dues but eased during the afternoon session to end an active day at the lower end of the trading range. Physical activity was limited to light producer offering and scale down consumer price fixing, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	2184 2186	+15.5	2206 2165
May	2185 2186	+7.0	2207-2177
July	2170 2171	+7.0	2180 2165
Sept.	2152 2153	+4.0	2170-2152
Dec.	2007-2008	—	2025 2004
Mar.	1995 2000	+0.5	2010-1948
May	1986-1997	+4.0	1998-1988

Sales: 5,812 (6,788) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for Feb 21: 101.45 (101.41); five-day average for Feb 22: 101.97 (100.70).

COFFEE

Following a late collapse in New York futures, London opened £30.00 lower, reports Drexel Burnham Lambert. Commission House buying fuelled a recovery of £71 but continued trade and dealer selling tended to dampen the rise. However prices remained steady in narrow range despite further losses in New York.

Sales: 2,701 (2,250) lots of 5 tonnes. ICO indicator prices (U.S. cents per pound) for Feb 20: Comp. daily 1979 131.01 (131.63); 15-day average 134.72 (135.09).

GRAINS

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterdys close	+ or —
Mar	111.65	—0.25	112.60	+0.55
May	116.20	—0.85	115.90	+0.55
July	118.85	+0.50	—	—
Sept.	96.80	+0.40	96.40	+0.25
Nov	99.75	+0.25	99.75	+0.25
Jan	103.50	+0.30	103.50	+0.30

Business done — Wheat: March 112.00-1.50, May 118.50-6.15, July 119.00-8.50, Sept 96.80-6.60, Nov 99.75-9.60, Jan 103.30 only. Sales: 574 lots of 100 tonnes. Barley: March 112.60-2.10, May 115.90-5.50, Sept 96.40-5.25, Nov 99.75-9.60, Jan 103.30 only. Sales: 234 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark northern spring No. 1 14 per cent, March 180.50, April/May 167.65, June 168.25, transhipment East Coast. U.S. No. 2 soft red winters, March 161.75, April 162.50, May 152.75. EEC French, July 116.50 seller. English feed fob Oct 99.76, March 117.50, April 118.50 sellers East Coast. Maize: U.S. No. 3 Yellow/French, March 148.75, transhipment East Coast. Barley: English feed fob, Sept 98, March 114, April 115.50, sellers East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices: Feed Wheat: S. East 110.10, W. Midlands 110.10, N. West 111.60. Feed Barley: W. Midlands 111.00, N. West 106.60. The UK monetary coefficient for the week beginning Monday, February 25, will change to 1,028.

PIGMEAT

The market was steady and prices remained in their recent trading range, reports CCST Commodities.

Sales: 105 (59) lots of 50 carcases, 3,250 kg.

POTATOES

The market saw a quiet routine trade, closing slightly easier, reports Coley and Harper.

Sales: 176 (386) lots of 40 tonnes.

OIL

The spot crude market was stagnant and directionless with negligible trading volume. Nymex opened two cents down for March. Morning trade was thin and within a few cents either side of Wednesday's close, in the petroleum products market good demand and very limited supply continued for prompt gas oil with nominal talk at 252-254 cif North West Europe. March prices remained stable and the market was uneasy led by fears of a non EEC March glut, and a subsequent price fall. Heavy fuel prices firmed a dollar on renewed demands from the UK CEGB after Wednesday's collapse in the miners peacetalks, Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arab Light	27.75-27.85	—
Arab Heavy	26.65-26.70	—
Dubai	27.30-27.40	—
Brent Blend	28.45-28.50	—
W.T.I. (1pm est)	27.65-27.75	—
Forcados (Nigeria)	28.30-28.50	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe "cif ($ per tonne)		
Premium gasoline	246-248	—
Gas Oil	240-242	+0.50
Heavy fuel oil	189-194	+1

Petroleum Argus Estimates

GAS OIL FUTURES

Month	Yest'day's Close	+ or —	Business Done
	$ U.S. per tonne		
Feb	254.75-55.00	+1.00	254.75-54.00
March	233.75-34.00	+1.00	234.00-32.25
April	222.25-22.75	—0.125	222.75-21.50
May	217.50-17.75	—0.25	217.75-17.00
June	214.25-15.00	—	215.00-14.75
July	213.00-16.00	—	215.00-14.50
Aug	215.00-19.00	+1.00	—

Turnover: 1,234 (1,45) lots of 100 tonnes.

RUBBER

PHYSICALS — The London market opened unchanged, attracted no interest throughout the day and closed inactive, reports Lewis and Peat. Closing prices (buyers) 66.00p (same). March 75.00p (74.50). April 75.00p (75.25p). The Kuala Lumpur Feb fob price for RSS No. 1 was — (—) cents a kg and for SMR 20 was — (—).

SOYABEAN MEAL

The market opened unchanged in very active trading conditions, reports T. G. Roddick. During the afternoon session the market continued to ease amid heavy shipper trading.

	Yesterday close	+ or —	Business Done
	£ per tonne		
Feb	—	—	—
April	143.2-143.8	—0.25	143.5-143.4
June	138.8-140.0	—0.40	140.5-140.4
August	140.8-141.0	—0.50	141.2-140.8
October	145.0-145.8	—0.45	—

Sales: 1,060 (573) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $112.50 (£102.50), unchanged (up £0.50) a tonne for Feb/March/April delivery. White sugar $137.50, unchanged.

Sales: 1,656 (2,122) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £211.50 (£210.50) a tonne for export.

U.S. MARKETS

Precious metals moved sharply lower trading off lower currencies with little or no fundamental change in outlook in prospect, reports Heinold Commodities. Copper traded again sharply lower as arbitrage selling became the dominant force in the market. The market is being supported by scale down buying as total stock positions continue to decline. Aluminium was moderately lower on further liquidation of long positions. Sugar opened weak, but rallied later on support from the Gudian tender and closed only nominally lower. Heating oil traded higher on strength derived from gasoline prices. Cotton declined reflecting the strength of the U.S. dollar and lagging world demand. Coffee strengthened on short covering and roaster buying. Cocoa was slightly higher on light manufacturer inquiries and buying of physicals. Soyabean weakened following heavy selling in soyaoil precipitated by a significant increase in registrations which normally signal heavy deliveries in the futures.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Feb	4905	—	—	4905
March	4915	4920	4890	4920
April	4960	—	—	4965
May	5005	5010	4980	5010
July	5090	5080	5080	5090
Sept	5175	—	—	5170
Dec	5295	—	—	5290
Jan	5335	—	—	5330
March	5415	—	—	5410
May	5495	—	—	5490

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
March	2155	2156	2138	2132
May	2180	2189	2165	2164
July	2155	2174	2155	2153
Sept	2160	2166	2165	2153

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
March	62.78	63.40	62.75	63.23
May	64.28	64.71	64.17	64.83
July	65.25	65.65	65.15	65.83
Oct	65.57	65.85	65.60	65.85
Dec	65.75	65.87	65.70	65.92

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
April	66.20	66.55	66.15	66.32
June	67.77	68.30	67.75	67.92
August	66.16	66.50	66.07	66.35

OTHER MARKETS

WOOL FUTURES

COTTON

CURRENCIES MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar continues to improve

The dollar rose to record highs in currency markets yesterday as demand continued on a wave of bullish sentiment. As thoughts of lower U.S. interest rates receded, following Wednesday's testimony to Congress by Mr Paul Volcker, Federal Reserve board chairman, so the dollar was bid higher, and news later in the day of an upward revision in the U.S. fourth quarter GNP figures gave it further impetus.

With no significant downward correction so far this month however the market was starting to become a little hesitant of running too long dollar positions.

It rose to a 13½ year high of DM 3.3560 from DM 3.3360 and SwFr 2.8270 from SwFr 2.8215. It was only slightly firmer against the yen, however, at Y261.80 from Y261.30 but climbed to a record FFr 10.2625 compared with FFr 10.1925. On Bank of England figures, its index rose to a record 153.3 from 152.7. The Australian dollar recovered quite well from its sharp decline earlier this week and the U.S. dollar fell to A$1.3938 from A$1.4685. The Canadian dollar was weak, however, falling to a record low of 73.17 U.S. cents from 74.04 U.S. cents on Wednesday.

STERLING — Trading range against the dollar in 1984-85 is 1.4940 to 1.0820. January average 1.1274. Exchange rate index 71.7 up from an opening level of 71.5 and Wednesday's close of 71.4. The six months ago figure was 78.4.

Sterling fell to a record closing low against the dollar of $1.0815-1.0825, down 40 points from Wednesday. The fall came quite late in the day in reaction to the dollar's strong advance and although its index finished higher on the day, sterling had lost over half a cent and more than one pfennig from the levels prevailing at the closing calculation. Against the D-mark it rose to DM 3.6325 from DM 3.62 on Wednesday but was well down from the day's high of DM 3.6475.

It rose against the French franc to FFr 11.11 from FFr 11.07 but outside the EMS it fell to Y283.25 from Y283.75 and SwFr 3.0625 from SwFr 3.0650.

D-MARK — Trading range against the dollar in 1984-85 is 3.3580 to 2.5535. January average 3.1698. Exchange rate index 118.5 against 123.6 six months ago.

Renewed demand pushed the dollar to its highest level for over 13 years in Frankfurt yesterday to be fixed at DM 3.3480 up from DM 3.3232 on Wednesday. There was no intervention by the Bundesbank at the fixing and little sign of any open market activity with dealers agreeing that intervention at the moment would have little effect.

In later trading the dollar was quoted above DM 3.35. Elsewhere sterling rose to DM 3.6390 from DM 3.6300 and the Swiss franc was higher at DM 1.1849 from DM 1.1808. Within the EMS the Belgian franc was higher at DM 4.9770 from DM 4.9750 per BFr 100 while the Dutch guilder slipped to DM 88.22 per Fl 100 from DM 88.32.

STERLING EXCHANGE RATE INDEX (Bank of England)

	Feb 21	Previous
8.30 am	71.5	71.6
9.00 am	71.7	71.6
10.00 am	71.6	71.6
11.00 am	71.6	71.6
Noon	71.6	71.7
1.00 pm	71.6	71.7
2.00 pm	71.6	71.6
3.00 pm	71.7	71.6
4.00 pm	71.7	71.4

£ in New York

	February 21	Prev. close
£ Spot	$1.0810-1.0820	$1.0910-1.0920
1 month	0.46-0.43pm	0.46-0.45pm
3 months	1.22-1.18pm	1.21-1.19pm
12 months	2.00-1.90pm	2.14-2.04pm

Forward premiums and discounts apply to the U.S. dollar.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu February 21	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	44.7250	−0.39	+0.19	±1.5522
Danish Krone	8.14104	7.97209	−2.08	−1.50	±1.6419
German D-Mark	2.24184	2.22628	−0.69	−0.11	±1.1475
French Franc	6.87456	6.81276	−0.90	−0.32	±1.3668
Dutch Guilder	2.52595	2.52268	−0.13	+0.45	±1.5171
Irish Punt	0.72569	0.714967	−1.48	−0.90	±1.6703
Italian Lira	1403.49	1382.95	−1.46	−7.46	±4.0410

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST POUND

Feb 21	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.0815-1.0905	1.0815-1.0825	0.48-0.44c pm	5.10	1.23-1.18pm	4.45
Canada	1.4780-1.4905	1.4790-1.4820	0.50-0.40c pm	3.65	1.10-0.97pm	2.80
Nethlnd.	4.11-4.13½	4.11-4.12	2½-2¼c pm	6.93	6⅞-6⅝pm	6.56
Belgium	72.90-73.30	72.90-73.00	23-17c pm	3.29	59-50pm	2.99
Denmark	12.98-13.05¼	13.00-13.01	4½-3½ore pm	3.34	9½-7½pm	2.59
Ireland	1.1655-1.1716	1.1680-1.1690	0.05p pm-0.14d	−0.46	0.01pm-.39d	−0.63
W. Ger.	3.62¾-3.64¾	3.62¾-3.63¾	2½-2¼pf pm	8.06	7½-7pm	7.79
Portugal	196¾-200¼	196½-198½	185-520c dis	−21.42	475-1360d	−18.58
Spain	200-201¼	200-200½	40-25c pm	1.95	75-50pm	1.25
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc 73.15-73.25. Six-month forward dollar 1.78-1.73c pm, 12-month 2.15-2.00c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Feb 21	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.0815-1.0905	1.0815-1.0825	0.48-0.44c pm	5.10	1.23-1.18pm	4.45
Ireland†	0.9288-0.9340	0.9268-0.9278	0.48-0.38c pm	[illegible]	[illegible]	5.06
Canada	1.3580-1.3706	1.3662-1.3672	0.15-0.18c dis	[illegible]	[illegible]	−1.72
Nethlnd.	3.7750-3.8075	3.8045-3.8055	0.55-0.52c pm	[illegible]	[illegible]	2.07
Belgium	66.95-67.40	67.30-67.40	9½-10½c dis	[illegible]	[illegible]	−1.55
Denmark	11.90½-12.02½	12.01½-12.01¾	¾-1¼ore dis	[illegible]	[illegible]	−1.25
W. Ger.	3.3300-3.3570	3.3555-3.3565	0.82-0.77pf pm	[illegible]	[illegible]	3.19
Portugal	181-183½	181½-183	250-550c dis	[illegible]	[illegible]	−23.01
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−3.41
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−5.30
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−3.25
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−2.11
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−5.21
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.91
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.47
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.46

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 67.60-67.70.

OTHER CURRENCIES

[illegible]

† Correction: Australian dollar rate for February 19 was 1.5735 to 1.5820 against sterling.

CURRENCY RATES

[illegible]

*CS/SDR rate for Feb 20: 1.29650.

CURRENCY MOVEMENTS

Feb. 21	Bank of England Index	Morgan Guaranty Change %
[illegible]	[illegible]	−18.4
[illegible]	[illegible]	+37.8
[illegible]	[illegible]	5.6
[illegible]	[illegible]	3.3
[illegible]	[illegible]	10.9
[illegible]	[illegible]	6.1
[illegible]	[illegible]	5.4
[illegible]	[illegible]	6.4
[illegible]	[illegible]	2.0
[illegible]	[illegible]	16.8
[illegible]	[illegible]	14.7
[illegible]	[illegible]	10.2

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

EXCHANGE CROSS RATES

[illegible]

EURO-CURRENCY INTEREST RATES (Market closing rates)

Feb. 21	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	14-14¼	8⅞-8⅞	9¼-9⅝	6⅝-6⅞	1¾-2	5⅛-5⅛	10⅝-10¾	13⅛-14⅛	10¾-11	[illegible]	[illegible]	7½-8¼
7 day's notice	14-14¼	8⅛-8⅝	9⅛-9⅞	6⅝-6¾	12⅞-13⅛	5⅞-5⅛	10⅝-10¾	12⅛-13⅛	10¾-11	[illegible]	[illegible]	9½-10
Month	14⅛-14⅛	8⅝-8⅞	10⅛-10⅛	6⅝-6⅞	5⅜-5⅛	5⅝ 5¾	10⅝-10¾	13¾-14¼	10¾-11	[illegible]	[illegible]	10¼ 10¾
Three months	14-14⅛	9¼-9⅜	10⅛-10⅛	7⅛-7⅛	5⅝-5⅞	6⅛-6⅛	11⅛-11⅛	14⅛-14¾	10¾-11	10¾-11	6⅝-6⅝	10⅞-11⅛
Six months	13¼-13⅜	9¾-9⅞	11¼-11½	7⅛-7⅛	5¾-5⅞	6⅛-6⅛	11⅛-11⅛	14⅞-15¼	10⅞-11⅛	10¾-11	6⅝-6⅝	11-11⅛
One year	12⅛-12⅛	10⅛-10⅛	11⅝-11⅞	7¼-7⅜	5⅛-5⅛	6⅛-6⅝	11⅛-11⅛	15⅝-15¾	11¼-11⅛	10⅞-11⅛	6⅛-6⅛	11¼ 11¾

Asian $ (closing rates in Singapore): Short-term 8½-8⅝ per cent; seven days 8¾-8⅞ per cent; one month 8⅝-8¾ per cent; three months 9-9⅛ per cent; six months 9⅞-9¾ per cent; one year 10⅛-10⅜ per cent. Long-term Eurodollars; two years 10⅞-11⅛ per cent; three years 11¼-11½ per cent; four years 11½-11⅞ per cent; five years 11¾-12 per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

London longer term rates higher

The important three-month interbank rate finished unchanged at 13⅞-14 per cent, and three-month eligible bank bills were also steady at 13½-13⅞ bid on the London money market yesterday, but expectations of any cut in bank base rates receded further following the statement of Mr Paul Volcker, chairman of the Federal Reserve Board, on Wednesday, and longer term rates rose quite sharply.

It was an uncomfortable day for the market, and the larfie shortage was concentrated outside the discount house sector, where it was difficult to deal with. Another large shortage is expected today, but with a large bill repurchase agreement unwinding more bills will be available, and these are in very short supply at present.

UK clearing banks base lending rate 14 per cent since January 28

The Bank of England initially forecast a money market shortage of £1bn, but later revised this to £900m. Total help of £810m was provided.

In an early round of assistance the Bank of England bought £336m bills, including £33m outright by way of £11m bank bills in band 1 (up to 14 days maturity) at 13⅞ per cent; £15m bank bills in band 2 (15-33 days) at 13⅞ per cent; £7m bank bills in band 4 (64-91 days) at 13½ per cent. Another £303m bills were purchased for resale to the market on March 11, at 13⅞ per cent.

Further help of £175m was given before lunch, when the authorities bought £51m bills outright, through £9m bank bills in band 1 at 13⅞ per cent; £19m bank bills in band 2 at 13¾ per cent; £12m bank bills in band 3 (34-63 days(at 13⅝ per cent; and £11m bank bills in band 4 at 13½ per cent.

At the same time £124m bills were purchased for resale to the market in equal amounts on March 11 and March 12, at 13⅞ per cent.

In the afternoon help of £199m was provided, including £162m bills bought outright, by way of £21m bank bills in band 1 at 13⅞ per cent; £25m Treasury bills in band 2 at 13¾ per cent; £92m bank bills in band 2 at 13¾ per cent; £9m bank bills in band 3 at 13⅝ per cent; and £15m bank bills in band 4 at 13½ per cent.

A further £37m bills were purchased for resale in equal amounts on the same dates and at the same rate as in the morning.

Late assistance of around £100m was also given.

MONEY RATES

Feb. 21	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.40-5.55	10¼	1¾-2¼	6⅛	6.05126	15⅝-16	11.0	14⅝-14⅝
One month	5.50-5.65	10⅝-10¾	5⅛-5⅛	6⅞-7	6.40625	15⅝-16	10⅛-10⅛	14⅝-14⅞
Two months	5.85-6.00	10⅝-10¾	—	—	—	—	—	14½-14¾
Three months	5.95-6.10	10⅝-10¾	5¾-5⅞	7-7⅛	6.34375	15¾-16⅛	10⅛-10⅛	14½-14¾
Six months	6.20-6.40	10⅛-10⅛	—	6⅞-7	—	—	10⅛-10⅛	14¼-14½
Lombard	6.0	—	—	—	—	—	—	—
Intervention	—	10⅛	—	5¾	—	—	—	—

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

Feb. 20 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	13-17	14-14⅛	14-14⅛	13-15	—	—	[illegible]	[illegible]	[illegible]
2 days notice	—	—	14-14¼	—	—	—	—	[illegible]	[illegible]	[illegible]
7 days or	—	—	—	—	—	—	—	[illegible]	[illegible]	[illegible]
7 days notice	—	14-14¼	14-14¼	14⅛-14⅜	13⅞-14	—	—	[illegible]	[illegible]	[illegible]
One month	14⅛-14⅛	14⅛-14¼	14⅛	14⅛	13⅞	13¾	13⅛	[illegible]	[illegible]	[illegible]
Two months	14⅛-13⅞	14-14⅛	14	14⅛	13⅛	13⅝	13⅛	[illegible]	[illegible]	[illegible]
Three months	13⅞-13¾	13⅞-14⅛	13⅞	14⅛	13-13¼	13⅝	13⅛	[illegible]	[illegible]	[illegible]
Six months	13⅛-12⅞	13⅛-13⅝	13⅞	—	—	—	—	[illegible]	[illegible]	[illegible]
Nine months	12¾-12⅛	12⅝-13⅛	—	—	—	—	—	[illegible]	[illegible]	[illegible]
One year	12⅛-12¼	12⅛-13	12⅛	—	—	—	—	[illegible]	[illegible]	[illegible]

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	14¾-14⅝	—	14⅛	8.7-8.8	8⅛-8⅛	9⅞-10⅛
Two months	14⅝-14¼	—	14⅛	8.95-9.05	8⅝-8⅞	10-10⅛
Three months	14⅜-14	—	14	9.0-9.1	8¾-9	10-10⅛
Six months	13⅝-13¼	—	13⅛	9.55-9.65	9⅛-9⅛	10⅛-10¼
Nine months	13¼-12⅞	—	12⅞	9.7-9.9	—	—
One year	13-12⅝	—	12⅛	10-10.2	9⅛-9⅛	10⅛-10¼
Two years	—	12¼	—	—	—	—
Three years	—	12	—	—	—	—
Four years	—	12	—	—	—	—
Five years	—	[illegible]	—	—	—	—

ECGD Fixed Rate Export Finance IV: Average Rate of interest period January 2 to February 1985 (inclusive): [illegible] per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rates (published by the Finance Houses Association) [illegible] per cent from February 1, 1985. London and Scottish Clearing Bank Rates for lending 14 per cent. London Deposit Rates for sums at seven days' notice [illegible] per cent. Treasury Bills: Average tender rates of discount [illegible] per cent. Certificates of Tax Deposit (Series 6): Deposits £100,000 and over held under one month 13½ per cent; one-three months 13⅞ per cent; three-six months 13½ per cent; six-nine months 12⅞ per cent; nine-12 months 12 per cent. Under £100,000 11½ per cent from February 13. Deposits held under Series 5 12 per cent. The rate for all deposits withdrawn for cash 8 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. February 21)
Three months U.S. dollars

bid 9 1/4	offer 9 3/8

Six months U.S. dollars

bid 9 3/4	offer 9 7/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES — NEW YORK (Lunchtime)

Prime rate	10½
Broker loan rate	[illegible]
Fed funds	[illegible]
Fed funds at intervention	[illegible]

Treasury Bills

One month	7.80
Two month	8.10
Three month	8.48
Six month	8.51
One year	8.65

Treasury Bonds

Two year	[illegible]
Three year	[illegible]
Four year	[illegible]
Five year	[illegible]
Seven year	[illegible]
10 year	[illegible]
30 year	[illegible]

FINANCIAL FUTURES

Gilts higher

It may have been a different story for gilt futures today, had the London International Financial Futures Market not closed before a late reversal by sterling on the foreign exchanges. But March delivery gilts finished at the day's peak of 103-29 on late short covering after signs of earlier weakness. The contract opened at 103-20, and tried to move lower without gaining much momentum. Traders were worried by the weakness of U.S. bond prices overnight and by the very strong dollar, with both events stemming from the comments made by Mr Paul Volcker, chairman of the Federal Reserve Board, in his testimony to Congress, when he tended to dash any hopes of a further easing of monetary policy.

Cash gilts steadied after an initial decline, and it was not until the announcement of a sharp rise in the revised fourth quarter U.S. gross national product growth to 4.9 per cent, from the previous estimate of 3.9 per cent, that March gilts touched the day's low of 103-10.

Three-month sterling for March delivery was influenced by similar factors, but did not benefit quite as much as gilt futures in a late recovery.

March Eurodollars tested support at around 90.50, on Mr Volckers statement and the GNP data, and closed at 90.56 compared with 90.71 previously.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
March	90.56	90.60	90.49	90.71
June	89.81	89.87	89.75	89.98
Sept	89.28	89.36	89.22	89.45
Dec	88.86	88.92	88.79	89.01
March	88.40	—	—	88.60

Estimated volume 9,243 (5,382)
Previous day's open int 14,767 (14,633)

THREE-MONTH STERLING £500,000 points of 100%

	Close	High	Low	Prev
March	86.51	86.53	86.38	86.54
June	88.00	88.15	87.90	88.16
Sept	88.63	88.70	88.60	88.65
Dec	88.59	88.65	88.59	88.65
March	88.59	88.60	88.59	88.60

Estimated volume 2,867 (1,884)
Previous day's open int 6,363 (6,427)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
March	103-29	103-29	103-10	103-22
June	104-14	104-14	103-27	104-04
Sept	107-28	—	—	107-22
Dec	107-21	—	—	107-13
March	107-10	—	—	107-02

Estimated volume 3,288 (2,659)
Previous day's open int 5,515 (5,510)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) −8 to par (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
March	1.0855	1.0885	1.0831	1.0890
June	1.0755	1.0770	1.0740	1.0730
Sept	1.0710	1.0715	1.0710	1.0885

Estimated volume 1,207 (13)
Previous day's open int 4,322 (4,323)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
March	0.2990	0.3002	0.2985	0.3006
June	0.3014	—	—	0.3029

Estimated volume 38 (18)
Previous day's open int 289 (289)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
March	0.3542	0.3542	0.3537	0.3550
June	0.3575	—	—	0.3580

Estimated volume 1 (nil)
Previous day's open int 136 (136)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
March	0.3830	—	—	0.3835
June	0.3869	—	—	0.3864

Estimated volume nil (nil)
Previous day's open int 117 (117)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
March	127.40	127.50	126.30	127.20
June	127.70	127.90	127.70	127.50
Sept	128.00	—	—	127.90

Estimated volume 265 (373)
Previous day's open int 1,598 (533)

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
March	70-12	70-23	70-07	71-08
June	69-12	69-19	69-11	70-06

Estimated volume 2,477 (1,816)
Previous day's open int 2,317 (2,498)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	70-13	70-18	70-06	70-28
June	69-14	69-16	69-07	69-28
Sept	68-21	68-22	68-14	69-02
Dec	68-00	68-02	67-27	68-13
March	67-16	67-16	67-11	67-28
June	66-30	67-01	66-29	67-14
Sept	66-20	66-21	66-16	67-02
Dec	—	—	—	66-23
March	66-01	66-01	66-00	66-14
June	—	—	—	66-06

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	91.69	91.78	91.64	91.75
June	91.17	91.22	91.12	91.26
Sept	90.73	90.76	90.67	90.80
Dec	90.35	90.36	90.30	90.43
March	90.07	90.07	90.00	90.11
June	89.76	89.76	89.74	89.84
Sept	89.60	—	89.60	89.64
Dec	89.42	—	89.42	89.44

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	90.92	90.94	90.87	91.01
June	90.20	90.23	90.15	90.33
Sept	89.67	89.67	89.62	89.80
Dec	89.22	89.22	89.20	89.38

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
March	90.55	90.58	90.50	90.64
June	89.81	89.84	89.75	89.94
Sept	89.28	89.29	89.21	89.41
Dec	88.86	88.87	88.78	88.98
March	88.52	88.52	88.44	88.63
June	88.25	88.26	88.17	88.35
Sept	88.02	88.02	87.94	88.11

STERLING (IMM) $s per £

	Latest	High	Low	Prev
March	1.0850	1.0865	1.0820	1.0850
June	1.0755	1.0760	1.0730	1.0750
Sept	1.0730	1.0730	1.0675	1.0720
Dec	1.0720	1.0720	1.0670	1.0700

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	69-10	69-13	69-08	69-17
June	68-18	68-22	68-18	68-26
Sept	—	—	—	68-06
Dec	—	—	—	67-20
March	—	—	—	—
June	—	—	—	66-21
Sept	—	—	—	66-07

Company Notices

PROVINCE OF NEWFOUNDLAND
9% 1977/1989
US$50,000,000

Pursuant to the terms and conditions of the Bonds, notice is hereby given to Bondholders that, during the twelve-month period ending February 14 1985 no Bonds have been purchased for the Purchase Fund.

Outstanding amount: US$42,547,000.
Luxembourg, February 22 1985

The Fiscal Agent
KREDIETBANK
S.A. Luxembourgeoise

THE ROYAL BANK OF CANADA
DIVIDEND NO. 390

Notice is hereby given that a Dividend of 50 cents per share upon the paid up common shares of this Bank has been declared for the current quarter and will be payable at the Bank and its branches on or after 22nd February 1985 to shareholders on record at the close of business on 24th January 1985.

By order of the Board
R.J. Moores,
Vice President & Secretary

COMMERZBANK OVERSEAS FINANCE N. V.
U.S.$ 100,000,000
Floating Rate Notes Due 1989

In accordance with the provisions of the Notes notice is hereby given that for the three months period from February 21, 1985 to May 21, 1985 the Notes will carry an interest rate of 9⅛% per annum with a coupon amount of U.S.$ 225.59.

Frankfurt/Main, February 1985
COMMERZBANK
AKTIENGESELLSCHAFT

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, February 20, 1985. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of February 20 at 11.00 a.m.
3 months: 9⅛ 6 months: 9½

ECU = US$ .670243 SDR1 = US$ .959194
Sibor as of February 20 at 11.00 a.m.
3 months: 9½ 6 months: 9⅝

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	50.50
Albania	Lek	9.2508
Algeria	Dinar	5.22
Andorra	Fr. Franc	10.155
	Sp. Peseta	183.20
Angola	Kwanza	29.918
Antigua	E. Caribbean $	2.70
Argentina	New Peso (o)	244.48
Australia	Dollar	1.476
[illegible]	[illegible]	[illegible]
Grenada	E. Caribbean $	2.70
Guadaloupe	Franc	10.155
Guam	U.S. $	1.00
Guatemala	Quetzal (O)	1.00
	Quetzal (h, l)	1.62
Guinea Bissau	Peso	87.6896
Guinea Rep	Syli	26.7356
Guyana	Dollar	4.12
Haiti	Gourde	5.00
Honduras Rep	Lempira	2.00
[illegible]	[illegible]	[illegible]
Paraguay	Guarani (o.c.)	240.00
	Guarani (d)	408.75
Peru	Sol (o)	6953.11
Philippines	Peso	18.225
Pitcairn Is.	N.Z. Dollar	2.2675
Poland	Zloty (O) (3)	139.00
Portugal	Escudo	182.50
Puerto Rico	U.S. $	1.00
[illegible]	[illegible]	[illegible]

n.a. Not available. (m) Market rate. * U.S. dollars per National Currency unit. (a) Freemarket central bank. (b) Freemarket interbank. (c) Commercial rate. (d) Freemarket. (e) Controlled. (f) Financial rate. (g) Preferential rate. (h) Non-essential imports. (i) Floating tourist rate. [illegible]

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for February 21.

U.S. DOLLAR STRAIGHTS | DEUTSCHE MARK STRAIGHTS | SWISS FRANC STRAIGHTS | YEN STRAIGHTS | OTHER STRAIGHTS | FLOATING RATE NOTES | CONVERTIBLE BONDS

[illegible]

OVER-THE-COUNTER

Continued from Page 34

[illegible]

Indices

NEW YORK—DOW JONES

[illegible]

STANDARD AND POORS

[illegible]

N.Y.S.E. ALL COMMON

[illegible]

New York Active Stocks

[illegible]

TORONTO

[illegible]

MONTREAL Portfolio

* Indices pre-close figure

	Feb. 21	Feb. 20	Feb. 19	Feb. 18	1984-85 High	1984-85 Low
AUSTRALIA All Ord. (1/1/80)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Metals & Mnls. (1/1/80)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AUSTRIA Credit Aktien (2/1/62)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BELGIUM Brussels SE (1/1/80)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DENMARK Copenhagen SE (3/1/83)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FRANCE CAC General (31/12/82)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ind Tendance (28/12/84)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GERMANY FAZ Aktien (31/12/58)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Commerzbank (1/12/53)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
HONG KONG Hang Seng Bank (31/7/64)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ITALY Banca Comm Ital. (1972)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
JAPAN** Nikkei-Dow (16/5/49)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo SE New (4/1/68)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NETHERLANDS ANP-CBS General (1970)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ANP-CBS Indust (1970)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NORWAY Oslo SE (4/1/83)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SINGAPORE Straits Times (1966)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SOUTH AFRICA Gold (1958)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Industrial (1958)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SPAIN Madrid SE (28/12/84)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SWEDEN Jacobson & P (1/1/58)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SWITZERLAND Swiss BankCpn. (31/12/58)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
WORLD Capital Intl. (1/1/70)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

**Saturday February 16: Japan Nikkei-Dow 12,169.9. TSE 948.00. Base value of all indices are 100 except Australia All Ordinary and Metals—500, NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

CAPITAL MARKETS

Bond prices follow overnight slide in New York market

BY MAGGIE URRY IN LONDON

THE EURODOLLAR bond market was even gloomier yesterday as prices fell of both fixed-rate and floating issues. Straight bonds were around ¼ point lower on the day after the overnight slide in New York, which resumed when that market opened again. Buyers were non-existent, and dealers reported professional selling.

Recent issues were hit hard, with some disappearing from brokers' screens altogether. The yet stronger dollar and economic news from the U.S. were blamed for the falls.

Bank of America increased its floating-rate issue for Spain from $350m to $375m at the borrower's request, although it was trading outside the gross commissions of 10 basis points.

Only one Eurodollar deal appeared yesterday, a $35m issue with equity warrants for Onoda Cement of Japan. The deal, led by Nikko Securities, has a five-year life and an indicated 8 per cent coupon. It traded well inside the 1½ per cent selling concession.

Nikko also brought the first Euroyen issue for three weeks, a Y17bn deal for British Petroleum, which had been postponed earlier. The seven-year bonds have a 7 per cent coupon – higher than the coupons on the recent issues that have floundered in the absence of buying demand.

The hope is that the better coupon will help BP's issue and in early trading it was bid at a discount of 1½ per cent, equal to the total fees.

Orion Royal Bank decided to put a 12 per cent coupon on a 10-year Canadian dollar issue raising C$75m for the European Investment Bank. Again that is a higher level than for issues earlier this year, but even so dealers thought the terms were tight, given the deterioration of the market and the fall in the currency. An issue price of 100½ was another slightly negative factor.

RHF Bank bond average		
Feb 21 100.922		Previous 101.119
High 103.042	1985	Low 98.056

A more cheerful picture was seen in the sterling market, where the £60m bulldog issue for Spain was 14 times oversubscribed. Lead manager Samuel Montagu allotted in full any applications up to £9,000, while applications for £10,000 or over were scaled down to 6.9 per cent.

The Swiss franc foreign bond market was also showing its paces with a SwFr 500m two tranche private placement appearing for Australia. The deal was led by the three big banks, with Credit Suisse as book runner.

The shorter four-year tranche is for SwFr 300m and has a 5¼ per cent coupon with a 100¼ issue price. The longer, seven-year tranche for SwFr 200m issue has a 5¾ per cent coupon and par issue price with a call option after four years at 101½.

The issues met a good response as Australia is a rare and well-liked name in the market. They will replace two other issues totalling SwFr 500m which Australia is calling, so many investors in those deals are likely to be buyers of the new paper.

Otherwise trading was quiet in the Swiss franc secondary market with prices weaker in places.

Trading in the D-Mark bond market remains difficult, with foreign bonds down by ½ point on average. The strong dollar and the weaker New York bond market affected sentiment.

Syndication for Turkish $500m loan complete

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

TURKEY yesterday completed the assembly of a lead management group to arrange syndication of its controversial $500m loan in the Euromarkets after a second Japanese bank, Mitsui, committed $20m and Dresdner Bank raised its underwriting commitment from $20m to $30m.

With the formation of the group complete – after three months of struggle during which the terms have had to be improved – the deal is now expected to move into syndication next week.

Mitsui and Bank of Tokyo are still the only Japanese banks in the deal after others turned it down because of lack of familiarity with the borrower and because of the 5 per cent reserve requirement imposed by the Japanese authorities on lending to Turkey.

The closing phase of the underwriting stage of the deal was also marked by confusion after one bank, Chase Manhattan – which the original lead group, co-ordinated by Citicorp, had apparently counted as in the credit – made plain that it would stick by a condition of only participating if Morgan Guaranty did so, too.

In a rare game of cat and mouse in the Euromarkets, many potential lead managers imposed conditions on their participation in the deal out of a basic dislike for its structure, which involves them in underwriting Turkey's efforts to raise cash in the short-term bank advances market.

Chase would not comment on its position yesterday, but its condition relating to Morgan Guaranty is thought to reflect the latter's known relationship with Turkey.

Morgan promoted two previous Turkish deals alongside Citicorp but has conspicuously steered clear of this latest exercise, apparently without any concern for damaging its relationship with the borrower.

WEEKLY U.S. BOND YIELDS (%)

	Feb 20	Feb 13	1985 High	1985 Low
Composite Corp. AA	12.16	12.03	14.23	11.93
Government:				
Long-term	11.45	11.28	13.69	11.19
Intermediate	11.41	11.31	13.79	11.12
Short-term	10.21	10.19	13.22	10.03
Municipal	n/a	9.66	11.14	9.52
Industrials AAA	11.58	11.48	13.66	11.44
Industrials AA	12.16	11.98	14.13	11.86
Utilities AA	12.16	12.06	14.46	12.01
Preferred Stocks	10.77	10.83	12.17	10.77

Source: Standard & Poor's

Stock		Sales (Hnds)	High	Low	Last	Chng
UnTrBc	2.40	34	54¼	53¾	53¾	-¼
UACom	12	50	31¼	31	31	-¼
UBArz s	.88	517	28⅝	28½	28½	
UBAlsk	.10e	193	9¾	9½	9½	-¼
UBCol	1.08	4	23⅞	23⅞	23⅞	-¼
UnDom	.84	16	12¾	12½	12¾	+¼

Stock		Sales (Hnds)	High	Low	Last	Chng
VoInf		2686	20¾	20¼	20⅝	+⅛
Volvo		213	30¾	30½	30⅝	
Vortec	.13r	14	9½	9½	9½	+⅛
Vyquest		51	7¾	7¾	7½	

W—W

[illegible]